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# West Europe Report

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## SMALL RIGHTIST TERRORIST BAND DISMANTLED IN ANDALUCIA

Madrid EL PAIS in Spanish 30 Dec 81 p 15

[Text] An important terrorist band of the extreme Right which operated in several of the eight Andalucian provinces and some of whose members were activists and sympathizers in various fascist organizations which are now legalized has been dismantled by police officials assigned to the higher command of Seville, according to information obtained by EL PAIS from sources close to the investigations. So far at least 14 members of the extreme Right have been arrested, among them the suspected perpetrators of various attacks carried out in Huelva and Seville against locals of the CCOO [Workers Commissions] and the UGT [General Union of Workers].

The sources which tipped off this newspaper noted that those arrested included activists and sympathizers of organizations such as Fuerza Nueva [New Force], Fuerza Joven [Youth Force], and Falange Espanola de las Jons [Spanish Falange of the Junta of National Trade Union Action], as well as individuals now performing their military service some of whom were assigned--as in the case of a petty officer and several sailors--to a naval unit based in Cadiz.

The majority of those arrested, some of them connected with well-known families of the Andalucian aristocracy, were brought before the courts after the expiration of the 10-day period provided by the antiterrorist law. Among the suspected members of the band captured by the police were Jose Maria Osborne Ibarra, Jose Maria Tavallo del Nido, Juan Carlos Rodriguez Fernandez, Aquilino Tousedo Gomez, Jose Vargas Escobar, and Juan Manuel Machuca Ortega.

The police began their investigations regarding this band of the extreme Right following a series of violent actions that occurred in some of these Andalucian provinces in connection with the celebration of Constitution Day. After the initial arrests the police officials discovered that those held included the perpetrators of various attacks effected in the provinces of Huelva and Seville against locals of the CCOO and the UGT.

Our sources of information indicated that with these arrests the attacks staged recently against the offices of the CCOO (metal workers) and the UGT, both of Seville, and the fires set at the offices of the CCOO and the automobile of the mayor of Manzanilla (Huelva Province), Sebastian Martin, have been clarified, these attacks having occurred in the said locality of Huelva Province Specifically, in

these two latest attacks, the suspects are neighbors of this locality, Aquilino Tousedo Gomez and Jose Vargas Escobar, the first being the former local head of Fuerza Nueva and the latter, the present head of the same organization in Manzanilla.

The police are now continuing their investigations with the purpose of determining the identity of the perpetrators of other acts of violence, which is still pending. Other individuals, to whom as in the case of the 14 earlier-mentioned ones the anti-terrorist law has also been applied, are being held in the prisons of Seville.

2662

CSO: 3110/57



## VIEWS ON SIZE OF IONIAN SEA OIL DEPOSITS DIFFER

## Extensive Deposits Reported

Athens ATHENS NEWS in English 9 Jan 82 p 4

[Text] Extensive deposits of natural gasoline and natural gas have been discovered in the Ionian Sea area south of Katakolon, Ilia, and all indications point to the existence of oil in the area, as well.

A combustion test conducted at two separate drilling sites, about 2 miles apart, by the Danish research vessel Dan Baron, showed that the deposits are of good quality and their exploitation is economically feasible.

The drillings have thus far gone to a depth of 3,000 meters; the quality of the natural gas and gasoline found, and the distance between the two drilling sites, have convinced experts that they have hit a sizable underwater deposit and that the existence of oil, at greater depths, is very likely.

It should be noted that drillings for oil deposits under land have, in the past, been conducted in the area by the Romanian state firm Rompetrol. The drillings there stopped at 3,000 meters, too, and only natural gas was found. But Romanian experts believe oil probably exists at greater depths.

## Reports Said Exaggerated

Athens ATHENS NEWS in English 12 Jan 82 p 4

[Text] Reports of a "very hopeful" offshore oil-gas strike in the Katakolon area were highly exaggerated, the Public Petroleum Company announced yesterday.

The drilling had indeed resulted in the discovery of a "small" natural gas reserve, the announcement said, but its exploitation is problematical, given the existing data.

Drilling in the area might continue in the spring, following a more thorough analysis of data obtained thus far.

CSO: 4600/196

## BRIEFS

CRUDE OIL IMPORTS--Industry and Energy Minister Anastassios Peponis said yesterday that the decision of the government to replace imported crude oil with finished goods through international tenders will mean the quantity of imported crude oil will be cut by half a million tons, meaning that the country will save some 28 million dollars in foreign exchange. Referring to relative statements made the previous day by main opposition parliamentarian and former Industry Minister Miltiades Evert, Mr. Peponis also said that an assessment of that Prinos (Thassos) oil production has led to a further reduction of imported crude oil by 400,000 tons. [Text] [Athens ATHENS NEWS in English 1-2 Jan 82 p 9]

CSO: 4600/191

## BRIEFS

PETROLEUM STATISTICS--Ankara, Special--It has been reported that 31 petroleum exploration licences were issued in 1981. According to a report prepared by the Energy Ministry Petroleum Affairs Directorate General, 7 of the licences were issued to the Turkish Petroleum Corporation [TPAO]. TPAO has indicated that it will drill 48 exploration wells this year. Meanwhile, 38 exploration licences were released in 1981 and 8 licences expired. Two hundred and two licences are currently held by corporation and involved exploration during 1981. Eleven licences have been renewed. The report also indicates that no "operating licences" were issued to corporations during 1981. TPAO's 1981 production was approximately 6.4 million barrels (1 million tons), a [?decline] of 5.4 percent by comparison with 1980. Alongside these figures, it is expected that 48 production wells will be drilled. Ersan Petroleum Corporation's production for last year was around 37,404 barrels, a drop of 2 percent. As for the foreign corporations, they experienced reduced production by comparison with last year. [Text] [Istanbul MILLIYET in Turkish 9 Jan 82 p 13]

CSO: 4654/134

## TURKEY REPORTEDLY HALTS DUTY-FREE IMPORTS FROM TFSC

Nicosia HALKIN SESI in Turkish 18 Dec 81 p 1

[Text] Nicosia (Special)--The duty-free foreign sales between Turkey and the TFSC have been completely halted. According to information which we obtained, the reason behind the halting of Turkey's foreign purchases from the TFSC is that the duty-free policy which the motherland decided to apply to the young nation [the TFSC] is to be reexamined.

## Forty Percent Added Value

In this situation, which is conceded to be an obstacle, it is considered impossible to undertake any duty-free foreign sales to Turkey. According to information obtained, it was decided some time back to rewrite the duty-free list, and various restrictions were incorporated. Lately, it was indicated that it was considered desirable to include a 40 percent value added [sic] not applicable to profit.

## What Developments

Concerned institutions initiating work related to zero duty reported that in regard to this policy, the Turkish Commercial Advisory Board had not signed proforma [invoices] prepared in connection with foreign sales to Turkey and they said that they were curious as to what developments had necessitated starting research into the matter all over again whereas everything should have been researched and decided upon during the studies previously undertaken, which continued for approximately 1 year.

## The Minister and the Chamber of Commerce

According to information obtained, concerned firms have appealed to the Commerce Industry and Energy Minister Esber Serakinci concerning this sudden change of position which will cause them to suffer financial losses. It is reported that the members of the board of directors in the office of the chairman of the chamber of commerce have involved themselves closely with the matter and the necessary research has been carried out.



## Foreign Purchases on Credit

According to information which we have obtained from reliable sources, foreign purchases on credit, which neared realization by virtue of work carried out for some time now, have encountered a significant new obstacle.

## A Councilor and Obstructionism

Despite the fact that there was a general consensus regarding the significant economic benefits which would accrue to the TFSC and despite all efforts, it has proved impossible to implement foreign purchases on credit. The topic was taken up once again last week, but implementation was prevented by a councilor who opposed this matter when it was discussed in the Council of Ministers.

## Beneficial

Rumors of negative reactions are said to have circulated following the last minute blocking of the foreign purchases on credit measure, blocking which occurred despite the fact that all the work on the measure had been completed. Although these rumors have not been confirmed, it has been determined that Chamber of Commerce officials have placed emphasis on this subject and that, following a series of conferences with top-level officials, this matter will once again be introduced into the agenda, and efforts made to achieve the implementation of this beneficial measure.

CSO: 4654/135

## LIQUIDITY CONDITIONS IMPROVE IN AGRICULTURAL SECTOR

Copenhagen BERLINGSKE TIDENDE in Danish 5 Jan 82 pt III p 1

[Article by Carsten Steno]

[Text] The liquidity conditions in the otherwise so troubled agricultural sector have improved somewhat in recent months. The improvement is reflected in the fact that farmers to a less degree than hitherto make use of the credit offered them at the purchase of fertilizers and feedstuffs.

Sv. Karlsen, information chief of the country's largest fertilizer and feedstuffs company, DLG, states that the number of credit days, i.e. the number of days between date of delivery and date of payment, has been reduced from an average of 102 days in November of 1980 to approximately 81 days in November of 1981.

Sv. Karlsen points out that the investment stoppage within the agricultural sector probably has released means which are now being spent to pay for feedstuffs and fertilizers. Also the debt rescheduling arrangements may have played a role.

The chairman of the Free Feedstuffs and Fertilizer Dealers, Director Carl Rasmussen, Gamby on Funen, says that farmers have become considerably more aware when it comes to paying for fertilizers and feedstuffs. An increasing number of farmers now tend to pay cash. And those who are not able to do so seek to make sensible arrangements.

The awareness of the importance of paying their fertilizer and feedstuffs debts has increased after the debate in the last few years regarding the interest rates charged by fertilizer and feedstuffs dealers. If the credit is extended beyond 90 days, the effective interest rate often exceeds 25 percent, and that is, of course, a severe burden to farmers, to whom it thus is most advantageous to pay their debts for fertilizers and feedstuffs before almost any other debts.

According to a report from the Free Feedstuffs and Fertilizer Dealers, the crisis in the agricultural sector has caused a drop in the use of commercial fertilizers by approximately 200,000 tons to 1.48 million tons in 1981. The decline is evenly distributed on all fertilizers.

In 1981, the sale of ready-made mixtures of feedstuffs, however, remained unchanged.

Carl Rasmussen says, incidentally, that the feedstuffs and fertilizer trade has got better through 1981 than many believed. He points out that the production apparatus of the trade is intact despite the heavy debtor losses, which run into three-figure amounts of millions of kroner. At the same time, the prognoses indicate that the earnings within the agricultural sector are again increasing, and that will strengthen the position of feedstuffs and fertilizer dealers after some difficult years.

7262

CSO: 3106/44

JØRGENSEN: YOUTH UNEMPLOYMENT IS BIGGEST PROBLEM

Copenhagen BERLINGSKE TIDENDE in Danish 2 Jan 82 p 2

[Text] Prime Minister Anker Jørgensen says that the high rate of unemployment among young people is the biggest problem with which we are faced. "Before its recess, the Folketing will have to carry through a vast number of measures to remedy and do something about the sinister trend in youth unemployment."

The prime minister said the above last night in his New Year's speech, and he also said that we have got to recognize that we, in Denmark, cannot, on our own, solve the unemployment problem entirely.

"We may limit it. We can do everything possible to provide new jobs, and we can also provide a better distribution of existing jobs."

"The unemployment rate in Denmark has increased less than in Europe in general, and this is due to the fact that we have made deliberate efforts to increase the competitiveness of Danish commodities. It is due to the fact that we have helped many get a severance pay arrangement. It is due to the fact that we have carried through a vast number of measures to help the trades and industries and to further employment. But all of this is not enough."

"One of the most important things is to create confidence, not only among the organizations of the labor market, but also on 'the floor,' i.e. among wage-earners, salaried employees, and management."

"We must avoid an explosive development in money incomes in this country. On the other hand, we have got to promise to secure real wages, first and foremost, for ordinary incomes, and we must also maintain the social safety net."

7262

CSO: 3106/44



## INTEREST COSTS PREVENT COUNTRY HAVING PAYMENTS SURPLUS

Copenhagen BERLINGSKE TIDENDE in Danish 4 Jan 82 pt III p 3

[Article by Frank Dalgaard]

[Text] The fact that Denmark in 1981 had an actual balance of trade surplus was not noticed by the general public. However, this export surplus was far from adequate to cover the enormous interest payments on the foreign debt contracted by the country. If, today, we have a balance of payments deficit, the reason is thus the sins of the past, viz. the interest costs on the debt contracted over the past 20 years.

For the first time in many years it has been established that the Danish population no longer lives beyond its means. We have stopped spending more money on consumption and investments than we earn ourselves from our production.

Ever since 1960 the typical situation for Danes has been that we spent more than we earned ourselves. Year after year, this resulted in an import surplus of commodities and services on our balance of payments, and this import surplus was financed through loans taken up abroad.

As of 1981, this deficit situation has ceased to exist. The Department of Statistics states that, last year, we had a foreign trade surplus for the first time since 1972.

The reason why we, nevertheless, still have a balance of payments deficit is solely the large interest payments to foreign countries on the foreign debt that has been contracted over the years.

The graph shows the surplus/deficit of our balance of payments since 1960. The black sections of the deficit columns show interest costs on foreign debt.

## Temporary Import Duty in 1972

At the beginning of the sixties, Denmark was practically without any foreign debt, and there, therefore, were no interest costs either on the balance of payments, cf. graph. As will be seen, we had, in 1963, a small balance of payments surplus (due, among other things, to the introduction of the so-called

package solution.) Since then, we have had a constant balance of payments deficit. Apart from Greece, no other country in the West has had a foreign exchange deficit for such a long period of time on end as we have.

It is true that we succeeded in 1972 in getting an export surplus in our trade in commodities and services, but the interest costs abroad exceeded this surplus, and the total result in 1972 was thus a small foreign exchange deficit.

The export surplus in 1972 was in a way deceptive. For it was solely due to the temporary import duty introduced in the fall of 1971 by the prime minister at the time, J. O. Krag, and scheduled to be lifted at the end of 1972. This special duty on commodities caused an artificial postponement of our import of commodities till 1973.

#### Turning Point in 1981

If we disregard the special conditions in 1972, Denmark has been living constantly beyond its means ever since 1963. Our import surplus has been paid for with money borrowed abroad, and, consequently, our foreign debt has kept growing. And, concurrently with our growing debt, our interest costs grew, of course, also, cf. graph.

In 1977, our interest costs amounted to upwards of 3 billion kroner, in 1978: 5 billion kroner, in 1979: 7 billion kroner, and in 1980: 10 billion kroner. Of the total balance of payments deficit in 1980 of 13.5 billion kroner, 10 billion kroner were thus interest costs.

The Department of Statistics has now published a preliminary balance of payments report for 1981, showing interest costs of 13 billion kroner. But, at the same time, there is now a surplus of a couple of billion kroner on our foreign commodities and services trade account. The total foreign exchange deficit in 1981 will thus be 'only' approximately 11 billion kroner.

#### Today's Problem

There are no indications that 1981 will be a surplus year in the same way as 1963 and 1972. On the contrary, it appears from the most recent report by the independent Economic Council that we may expect continued surpluses on the so-called commodities and services account, i.e. the part of the foreign exchange account which concerns our foreign trade. In other words, 1981 constitutes a turning point in the history of the Danish balance of payments. We no longer live beyond our means.

If, also during the coming years, we are expected to continue having large foreign exchange deficits, this is solely due to the large and increasing interest payments abroad on the foreign debt already contracted. This debt and the consequent interest costs are the result of our sins in the past--the fact that we lived beyond our means in the sixties and the seventies. (To this comes that our foreign aid as well is expected to increase in the future, while the payments from the EC will drop.)

Our problem is thus no longer that we have a foreign trade deficit but that our export surplus is not sufficient to cover our foreign aid and the interest payments on our foreign debt.

## We Borrow to Meet Interest Payments

The independent Economic Council predicts that our interest costs will increase from 13 billion kroner in 1981 to 25 billion kroner in 1985 unless measures of intervention are taken.

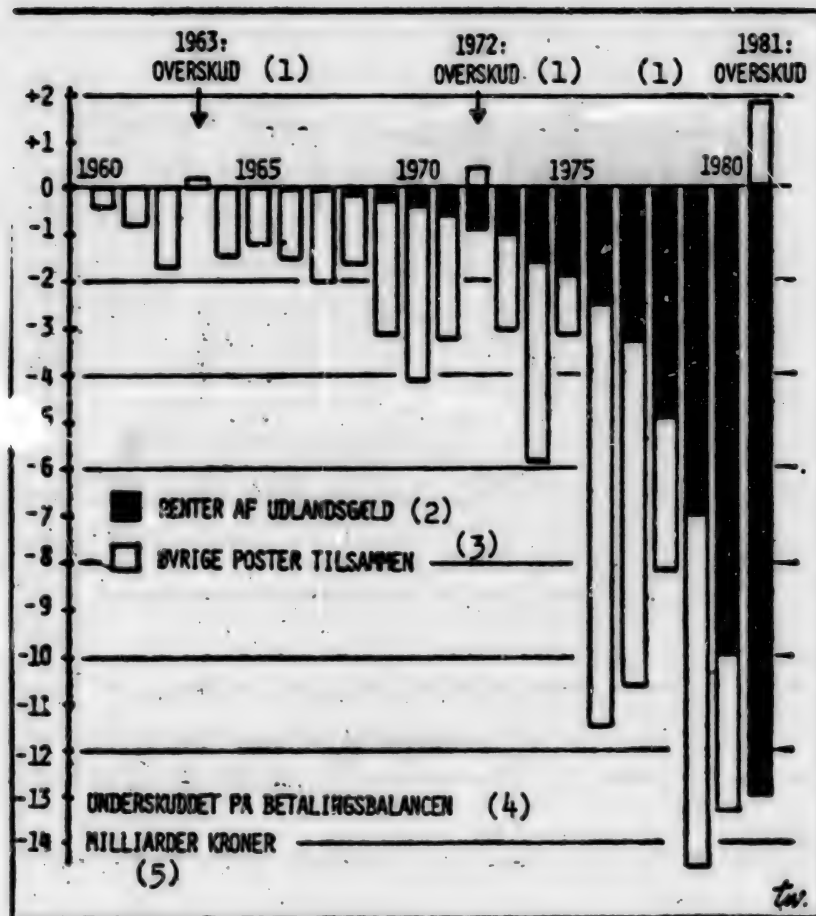
Denmark has thus landed in the grotesque situation in which many developing countries and countries east of the Iron Curtain find themselves:

We have to borrow abroad to pay interest abroad. Consequently, our debt and interest payments increase further. This means in turn that we have to develop even larger export surpluses to prevent the situation from getting completely out of hand.

It is a definitely positive sign that we had a small export surplus in 1981, but, as appears from the graph, we need a very large export surplus during the coming years in order for the interest payments not to ruin the country completely. Denmark pays 35 million kroner every 24 hours in interest, and the figure grows *pari passu* with our foreign debt.

The development forces us to live considerably below our means in the coming years when the interest on our foreign debt has to be paid. It is the bill for the sixties and the seventies which is now being paid. Unless we create an export surplus which is at least equivalent to our interest payments, our bill for the eighties will be even larger.

The government and the Folketing are faced with an enormous task, but the problems have been self-inflicted through the weak economic policy that has been pursued since 1963.



Surpluses and deficits on the Danish balance of payments during the past 22 years. The black part of the deficit columns shows interest costs on our foreign debt. The remainder (the white part of the columns) indicates surpluses or deficits on our foreign trade account. In 1963, 1972, and 1981, we had an export surplus, but, during the two latter years, these surpluses were insufficient to cover our interest costs abroad. Source: Danish Department of Statistics.

Key:

1. Surplus
2. Interest on foreign debt
3. Other items, total
4. Deficit on balance of payments
5. Billion kroner

7262

CSO: 3106/44



## DEUTSCHE BANK SPOKESMAN CHRISTIANS ON ECONOMIC CRISIS

Hamburg DER SPIEGEL in German 4 Jan 82 pp 28-32

[Interview with Friedrich Wilhelm Christians, spokesman for the Deutsche Bank: "We Are Getting Our Blows"]

[Text] Friedrich Wilhelm Christians is the director of the biggest and most successful bank in the FRG. After studying law during the postwar years, Christians, 59, originally wanted to become a diplomat. But following a traineeship at the Deutsche Bank, he found the financial world more attractive. In 1967, after serving as branch manager at several locations of the Deutsche Bank he made the board of directors; in 1976, he and Wilfried Guth became spokesmen for the bank. For 4 years, between 1975 and 1979, Christians was also president of the Federal Association of German Banks. As a banker, Christians--a member of the CDU Economic Council--has an illustrious reputation: While almost all large financial institutions had to accept a decline in profits during the last 2 years, the Deutsche Bank increased its profits. Today it is the sixth-largest financial enterprise in the world.

SPIEGEL: Herr Christians, in the year of 1981 the German economy experienced a record of failures, plant closings and mass layoffs. Is the worst behind the German economy, or is it yet to come?

Christians: We are in the middle of a process which in my estimation has not yet come to an end. I do not see a real turning point until the middle of 1982.

SPIEGEL: Until then the decline will continue?

Christians: It can even get worse. At the present time psychology is a very important factor. The prevailing mood right now is to throw in the towel.

SPIEGEL: Who is throwing in the towel?

Christians: Primarily many small enterprises have to capitulate now. It has been a long time since we have had so many bankruptcies. And this frightening figure is heavily influenced by many newcomers who thought that they could enter the market with little capital and little experience.

SPIEGEL: But there are also bankruptcies and plant closings among many larger enterprises. What is the role played by high interest rates?

Christians: Less than is generally claimed. Interest rates account for only slightly more than 7 percent of the cost of wages and only a little more than 3.5 percent of the total cost of the enterprise.

SPIEGEL: But what is causing the ruin of many firms?

Christians: There are several elements. First of all, many enterprises are not equipped with enough capital stock. It is just not a good idea to finance sales, liabilities and even some of the operating expenses with borrowed capital. It is now becoming evident: Whoever is low on own funds, will get sick paying for borrowed money--if he can get it. This year, some of the interest rates were as high as 15 or 16 percent. If a large share of the financing is done with borrowed money, the level of interest rates plays a significant role. Nevertheless, it is wrong to say that interest rates alone are the cause for the collapse of many firms. A decisive factor in many instances is the high cost of labor in the FRG and also labor-related costs, in addition to other factors that will be discussed later.

SPIEGEL: There is also the low level of orders.

Christians: Exactly. The so-called fixed costs rise rapidly when company capacities are poorly utilized. In addition, there is the high cost of raw materials and the high cost of energy. Last year we experienced an unfortunate coincidence of many negative factors.

SPIEGEL: Experience has shown that the effect of interest rates on the economy is often evidenced in a severe slowdown.

Christians: Correct. High interest rates have a psychological effect or, more accurately, they affect investment trends which, in turn, depend to a large extent on sales and profit expectations.

SPIEGEL: But that also means that the economy will only recover very slowly, even if interest rates continue their decline in 1982.

Christians: For that reason I already said that for the first half-year of 1982 I do not see any permanent improvement, but a great deal depends on further developments in labor costs. Just think: A lowering of the interest rate by 2 percent is already compensated by a 1-percent rise in labor costs.

SPIEGEL: Therefore your predictions seem also too optimistic.

Christians: The bad climate has already lasted for quite awhile. Parallel with a lowering of interest rates, the climate in general will have to improve. In 1981 we experienced a year of fear, something the chancellor himself said not too long ago. There was a general concern, sometimes bordering on hysteria, and occasionally even the feeling that the existence of our state was threatened. Foreign observers could hardly understand why people were almost daily talking about this threat. I cannot think of any other year since 1945 when it existed in

this form. During the dinner in Godesberg I was listening to Brezhnev's speech. I heard of the threat that was hanging over our children and families, that Europe could burn in the glaze of the nuclear bomb. Well, if headlines suggest these things to us, you cannot get people to make investments.

SPIEGEL: Because the citizens feel insecure deep inside?

Christians: An investment, whether in the construction of a house or the purchase of a machine, is already proof that the entrepreneur believes in the future. In other words: The fewer investments, the less faith in the future and the other way around. People will have to reacquire more hope in the future. I feel that Wolfgang Roth, an SPD expert on economic policy, is wrong when he says that interest rates are currently the biggest factor in slowing down the economy.

SPIEGEL: In other words, it is the spirit of the times?

Christians: You may call it spirit of the times. We simply call it the framework of conditions.

SPIEGEL: And they are such that the economic decisionmakers are becoming pessimistic?

Christians: I am convinced that businessmen are not as pessimistic as many politicians are. In my opinion, entrepreneurs are by profession optimistic; it is a mark of their self-chosen occupation. He would do more, but politicians are not giving him enough opportunities and very few examples.

SPIEGEL: Where is this optimism? At the moment many enterprises prefer to put their money in fixed-interest bearing securities rather than in new factories.

Christians: The value of annuities as a part of company holdings is a kind of item on the balance sheet that will offset the stagnation in investments, which is deep-seated and dependent on administrative actions. But even entrepreneurs must acquire a new philosophy. We all have to learn! Do you think that the Deutsche Bank did not have to learn something? Since the middle of the 1970's we have had to provide many lessons for ourselves. There is no other way.

SPIEGEL: Teaching one another?

Christians: You have no idea how much the many members of a board of directors can teach one another when it is composed of the type of people we have in our bank. We ourselves are our most effective controlling instrument and the best training center. Just take a look at the gentlemen on the board of directors. Do you think that they are taking it easy? I can tell you that they are completing a fitness training program every week.

SPIEGEL: So far your bank has been able to adjust very well to the phase of changes. Other enterprises, however, have fared very badly. Apparently they did not expose themselves to the fitness training.

Christians: Even a company lives and acts within its own sphere of influence. Until the middle of the 1970's there were many instances of bad company planning, many bad investments were covered up through the next cyclical movement, through

the next phase of growth. Because of recurring economic upturns, bad investments frequently were not recognized until it was too late. They did not appear as failures. Today every sizeable investment simply carries greater risks and sometimes it may be an existential threat.

SPIEGEL: In earlier times better cushions were available.

Christians: Yes. If I am moving in a market that is experiencing a steady growth, I do not have the same worries that I have today. Right now companies are facing a totally different task. Companies can no longer be provided with growth from outside sources, it must be generated from within. As an entrepreneur I have to come up with a concept that combines all my resources--co-workers, capital, products, service.

In other words, strategically the 1980's will be a terrain that will be difficult for employers to understand. The situation is quite different from the one in the 1950's and the 1960's. The 1950's were years when stone was placed upon stone. The 1960's were years of regained world freedom. The 1970's--at least in the view of the politicians--were years of joy. Following the agreements with the East, it seemed that eternal peace had arrived. And the oil crisis spread all over the world but not to Germany. Now the impact of the change is hitting us so much the harder.

SPIEGEL: But is the German entrepreneur, who has been praised so much and chided so much, up to this task which you outlined here? Or is there not a much greater tendency toward the manager type who administers more than he dares.

Christians: Certainly, to some extent. But I am convinced that the German entrepreneur is teachable and that he is still one of the most flexible entrepreneurs in the world. It is my opinion that he will meet this new challenge. It requires, however, that he will be provided with a suitable framework of conditions and that his task will be accepted.

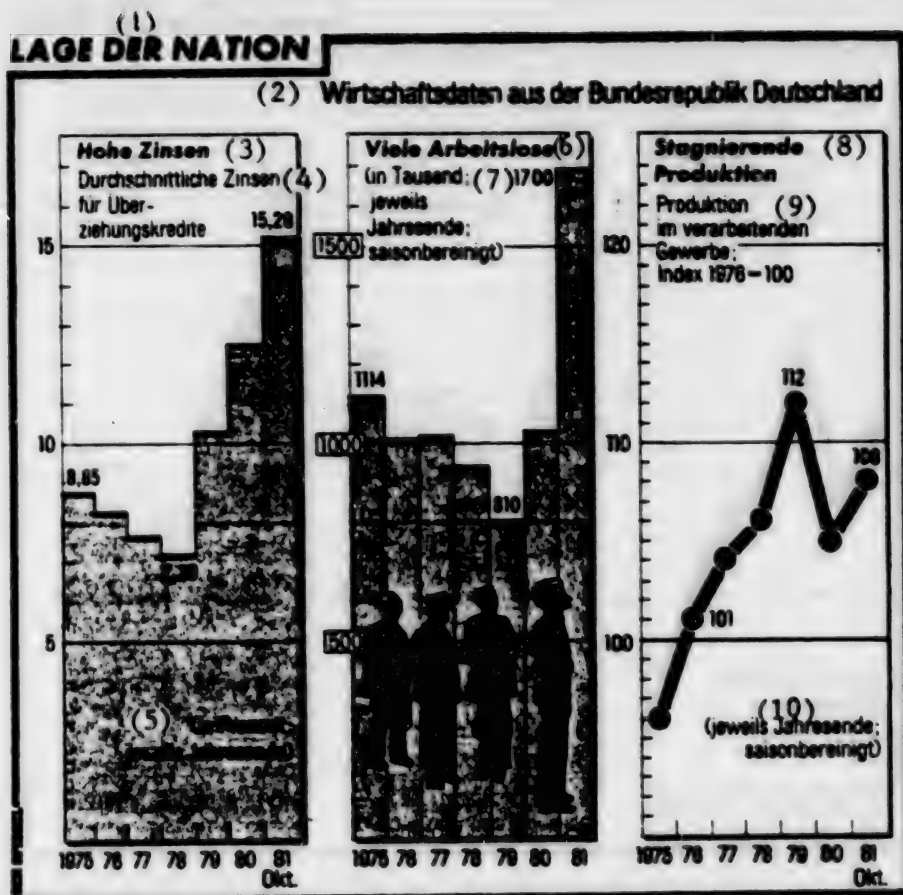
SPIEGEL: Is it not true that many managers overestimated the opportunities for growth, that the framework of conditions developed differently from what was expected?

Christians: That is probably true. In my opinion the 1970's actually led many to believe that these problems would not exist. The usual assessment was: Money is available for an improvement in the quality of life, for making everything easier, for less work. Just look at the decade of the 1970's: On the average German workers got a real increase of 39 percent in their income. Just look around in the world, where else did this happen!

SPIEGEL: People of a more thoughtful nature lost the unlimited optimism of progress to which you are addressing yourself here as soon as the first oil crisis appeared. Many entrepreneurs apparently lived according to the motto that nothing can be that is not supposed to be.

Christians: Not only entrepreneurs but, above all, many politicians and along with them the entire population. I remember the time around the turn of the year 1973/74. At that time it happened that we left our cars at home on Sundays for a





**Key:**

1. Condition of the nation
2. Economic data from the FRG
3. High interest rates
4. Average interest rates for overdrawn credit
5. By percentage, end-of-year figures
6. High rate of unemployment
7. In thousands, end-of-year figures, seasonally adjusted
8. Stagnating production
9. Production in processing industry; index 1976 = 100
10. End-of-year figures, seasonally adjusted

period of 6 to 8 weeks. One got the impression that people felt it was a real experience to get away from the demands of an advanced civilization. People were meeting the challenge of the moment and were willing to start anew. The first Sunday without cars was at the end of November 1973. During January and February 1974 we formed a group of energy and financial experts to discuss the question of moderating demands, a question which is of urgency today. We missed this early opportunity of getting ready for changes. Then the summer came and vacations. Gasoline was again plentiful, people went on vacation and there was no longer anyone who was saying anything about the oil crisis.



SPIEGEL: But what about the business lobby, bankers, politicians, labor union leaders, did they not do everything to minimize the importance of the oil crisis--which was signaling a turning point--by calling it a farce?

Christian: The practice that followed the first oil crisis with respect to energy and wage policies confirms your question. But we at the bank did not treat this problem lightly. We recognized at that time that the enormous increase in the price of oil would cause a dislocation in the flow of money and capital and as a result a process of impoverishment would set in on the industrial nations. I can remember how we assessed the risks of countries in the spring of 1974. And I can tell you: This list contained some of our closest neighbor countries, and it was our opinion at that time that their credit rating was only marginal.

SPIEGEL: Apparently you had a better insight than others did.

Christians: It is not altogether incomprehensible when the effect of the shock wore off too quickly. Just think: When the wage policy compensates for the loss in purchase power caused by the oil price increase, when the population is traveling to foreign countries by the millions, when there are no limitations with respect to the amount of money travelers can exchange into foreign currencies and when there are no difficulties at service stations, people will automatically come to the conclusion: What do they mean by telling us that there is a crisis?

SPIEGEL: Therefore the majority, even among businessmen, has been deceived by the circumstances.

Christians: We created a psychological point of departure for the 1980's which proceeded from the wrong assumptions. We are dragging along a mortgage reflecting the wrong mentality of pretensions. We have to free ourselves from it.

SPIEGEL: What must be changed?

Christians: Behind us are 30 years of growth, extending over a whole generation, something that never before happened in German history. We created for ourselves a very comfortable environment, almost in a time-lapse fashion, and in the process we have in recent years taken out uncovered credit on the future.

SPIEGEL: Who is we? Entrepreneurs?

Christians: I mean all of us. Now we need a new concept. Frequently people will only learn after they have gotten a bloody nose. Then you can see how well everything works. It is--quite simply--the same as happens to a boxer. If he gets struck on the nose, he becomes aggressive, he is motivated; and the economic life is quite similar. We receive blows, we have already gotten them. I am convinced that German entrepreneurs will be able to make it.

SPIEGEL: But what are people supposed to learn?

Christians: We are living with a redistribution philosophy. It was all right as long as there was growth that could be distributed. Now we have to change our thinking. As I see it, the danger is great that redistribution is to continue although there is nothing left to distribute, while the demands are presented in a

forceful manner, and right now the more powerful organizations are involved in a catch-as-catch-can, trying to get as much as possible when others, who are less powerful, are actually entitled to the same.

SPIEGEL: Are you talking about the labor unions? We want to remind you that workers did not see a real increase in income in 1981 and some of them even had to accept a decrease in real income.

Christians: After all, the latest Budesbank report shows that German companies were especially hard-hit in recent years and they had to lower profits. In addition: you have to compare the total income on a worldwide scale, because we have to compete on world markets. You have to compare working hours, the cost of social security. When I look at all these things--I do not know of anybody in the world who is better off.

SPIEGEL: We do not want to pass any judgment on that now. We are more concerned about the question whether the risks of the change are not placed too heavily on the shoulders of the working class. We have not heard, for instance, that those managers who are complaining so eloquently about high wages and social expenditures are willing, for a change, to accept a cut in their own salaries. Is it really necessary that people that are on boards of directors in the FRG have to earn 8, 10, 20 times as much as skilled craftsmen? Is five times as much not enough?

Christians: A leveling process has been in effect for a long time; but I can tell you, and I am not going to blush: Today's demands on a responsible top manager are enormous, including physical and personal commitments. Anyway, most of the others are content in mid-level positions, they go home early and do not have the same worries. Just ask the families of top management people how it looks from their side. I would be careful when the question arises how much they should earn. After all, they are decisively involved in making sure that innovation keeps the conomy running under strong competition. I know hardly any people in top positions who are comfortable. There are some who are living in the shadow; there always have been and there always will be some.

SPIEGEL: We are certainly of the opinion that top people must be paid top salaries. But there is still the question, since we are talking about a change, whether the distribution between the top and the bottom is not somewhat inopportune.

Christians: That may be so. But when you compare the percentage of the increase in salaries during the past 20 years, you can see that a normal wage earner fares better than a member of a board of directors.

SPIEGEL: During the business year of 1979/80 compensation for top managers still rose by 8.3 percent. One year later, according to a Kienbaum investigation, boards of directors of German corporations gave themselves increases averaging 7.3 percent, co-workers received 5.5 percent.

Christians: I am not familiar with these figures. I cannot confirm them in those areas where I am familiar with salaries for board members.

SPIEGEL: One more time: Would it not have been appropriate if some of the board members of a company that right now has to lay off workers in large numbers would have taken cuts in their salaries?

Christians: Perhaps we still lack the strong relationship of loyalty and solidarity between company management and employees as is the case in Japan. Japan has the big advantage that the work force there is really flexible and willing to adjust, and one reasons, certainly, is the fact that the management people cooperate. There is a transparency of success that is developed. Labor unions rank much lower in Japan than they do here. If the workers are expected to make sacrifices because the year is going badly, the directors say from the very beginning: We will be first.

SPIEGEL: But to date we have not heard anything like that from German companies.

Christians: Keeping in step, side by side, probably does not work in our country.

SPIEGEL: Why not?

Christians: In Japan companies are complete units within themselves. There are no unity labor unions. There is consensus. In Germany, at best there are still certain family firms that can be compared to this system. The boss will say: Boys, business has been bad, I will cut back, you will have to take a reduction in pay as well.

SPIEGEL: In other words, in this instance we cannot learn from the Japanese?

Christians: At any rate, we should think about the question which you raised. It should be almost impossible to transfer the Japanese model, considering our unity labor unions and the egoistic group style which is used in this country during labor contract negotiations. But you are certainly right. Is there no way that our institutionalized, narrow, bureaucratically ordered world could make room for exemplary behavior patterns? It does not seem right that only because there are large organizations one cannot say for once: We, the entire work force, will tackle this thing together, the management team will cut back and we all will get back on our feet together. It is true also in this area: As a matter of principle, we will have to learn all over again. The behavior patters of the last 3 decades are no longer of any use.

SPIEGEL: It is still pretty much of a custom to retire board members who have made serious mistakes, and although there is proof of their errors they leave in peace and joy, receiving large pensions or also settlements.

Christians: I think that boards of directors as a group are not as well off as you think when it comes to their functions and their remuneration.

SPIEGEL: They always end up well-padded.

Christians: Well, just look around and see whether they are always well-padded.

SPIEGEL: Take Herr Voelling of the Westdeutsche Landesbank, take Herr Cipa of the General Electric Company.

Christians: I do not want to mention any names, but it is certainly out of the question that there is "peace and joy," as you call it.

SPIEGEL: What we mean is that the risks are distributed unevenly. Unemployment is rising right now because more and more plants are shutting down and factories are closing. But it is very rare that the management is held responsible.

Christians: The latest developments in the top management of some companies contradict your thesis. But let us not talk about that. You just mentioned a sore point, increasing unemployment, plant layoffs. We are facing the biggest challenge since the establishment of our new democracy. Here in the FRG--which is bordering on another world--we need a state that is socially at peace, something we cannot risk at all. There is one prerequisite, however, which is that our system must continue to be based on productivity; in other words, the attempt to make everything equal must not gain the upper hand. Wrong ideas about equitableness in income--under certain circumstances there are even attempts to get it by force--would call all these things into question.

SPIEGEL: What is to be done?

Christians: We have to retreat together. For years I have carried on tough but fair discussions with many labor union leaders; some of them are saying now: Please help us come through with our objective arguments. There are not very many of us left who represent a moderate view. We can see the unrest among many workers. These union leaders tell me that they and their members are willing to give up something if they are told the reason why.

SPIEGEL: You are looking for someone who will say that?

Christians: Let us assume that we will not be able to get out of this low as we have been able to do in the past. As a matter of principle, we have to orient ourselves in a new manner and we need spiritual leadership to do that. The chancellor said: I am not responsible for spiritual leadership....

SPIEGEL: ...do you consider that a mistake?

Christians: Yes, although I understand Helmut Schmidt when he says: I see myself as a member of a generation for whom the claim to such leadership was disastrous. I ask myself, who is to lead politically if not politicians, labor union leaders and company managers? Ronald Reagan was the first one who had the courage to say that everything had to change....

SPIEGEL: ...we do not want to argue about Reagan right now.

Christians: No. Nevertheless: Fundamentally he went about it the right way. Looking at it that way, one can only admire a man like Ronald Reagan; after all, even Margaret Thatcher has to clear many legislative periods. And are we to wait until things get so bad here that we also are only left with one choice, radical therapy with all its consequences and risks. As Germans we have a tendency toward the extreme, but are we not able to execute political transition processes smoothly without endangering the system and by using credible concepts and persons? But that is our problem.



SPIEGEL: What should such a remedy look like?

Christians: I am sure that everywhere within the population, and the number is increasing, there is a willingness to come to a consensus. When there is a credible leadership, no matter which color, which includes the labor unions, this country will be ready to make sacrifices for awhile. The slogan should be: To secure what we have achieved.

SPIEGEL: Herr Christians, we thank you for this interview.

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## STUDIES SHOW REDUCING WORK WEEK MAINTAINS, NOT CREATES, JOBS

Paris LA RECHERCHE in French Dec 81 pp 1345-1346

[Article by Pierre Boisard: "The 35-Hour Work Week and Jobs"]

[Excerpts] Econometric Relativity

There are now three possible approaches to reducing the work week and its effects on employment: an "econometric" approach based on macroeconomic models; a study of historical experiences; and an evaluation of the effect of reducing the work week in recent periods, based on surveys of enterprises.

Exercises using macroeconomic models have the advantage of providing estimates in figures, which explains why they now enjoy the government's favor. A model is a simplified representation of the economy using a system of equations that make ratios of variables describing the behavior of economic agents and institutional mechanisms. There are two kinds of variables: endogenous or explained variables, entirely determined by the operation of the model; and exogenous variables determined outside the operation of the model. Schematically, the exercise or simulation consists of testing the hypotheses, giving certain values to the exogenous variables. Through the interplay of equations, the model describes the consequences on the economy as a whole. Most simulations, particularly those made within the framework of the plan, were carried out using the DMS (multisectorial dynamic)<sup>1</sup> model linking short-term evolution and medium-term evolution (eight years maximum) through an annual progress mechanism.

The length of the work week in the DMS is an exogenous variable of decision -- that is, it is possible to make it vary at will. The model defines the consequences of the variations, but it does not explain them.

The models have a double interest: They produce evaluations in figures and their flexibility of use enables one to try a single or several exogenous variables. It was therefore possible to study different scenarios of reductions in

<sup>1</sup> The DMS model has been used at INSEE [National Institute of Statistics and Economic Studies] since 1977 by the "program service" team, within the framework of medium-range economic predictions for planning. Initially, it was not specifically designed for scenarios involving a reduction in the work week.

the work week, in particular, by modifying the "time of use of equipment" and by introducing one divergent variable: wage compensation for the reduction.

Consequently, following the hypothesis of a maintenance of the time of use of equipment and a proportional drop in the purchasing power of wage earners, the simulations completed in 1979<sup>2</sup> show that a reduction in the work week of 1 hour would permit a gain of 248,000 jobs, or only 108,000 fewer declared unemployed, because an increase in the supply of jobs results in an increase in demand (in our example, 140,000 persons not previously counted as job-seekers presented themselves on the job market because of the supply). If one assumes that the work week continues its current evolution, the 38-hour work week would be reached by 1985. Extrapolating based on simulations done in 1979, one obtains, with an additional 3-hour reduction, a decrease in the number of unemployed of a little over 300,000. Given current prospects, this means limiting that number to a little under 2 million unemployed.

In the course of drafting the plan and considering the gravity of the job situation, the experts "turned the model inside out," at the request of the social partners. Instead of studying the effects of certain hypotheses on employment, they sought the conditions for a substantial improvement in employment. Since the result had been posed from the outset, the work of the model experts consists of finding the optimum combination of economic policy measures based on a survey of the different analytical variants, studied during preceding phases (one analytical variant is the study of the effects of the interplay of a decision variable taken separately). At the conclusion of these simulation exercises, it would appear that the reduction in the work week to 35 hours and 30 minutes by 1985 would permit an employment improvement greater than the other economic policy measures. If this reduction is accompanied by a slowdown in wage increases and a maintenance of the time of use of equipment, a reduction to 35 hours and 30 minutes in the average work week would result in the creation of 1.2 to 1.5 million jobs and a decrease in job applications by some 600,000. These variations have a relative value in relation to what would happen if one did not now act on the work week. Measures to move to 35 hours and 30 minutes would make it possible to stabilize unemployment at its current level. But certain hypotheses seem difficult to accept: maintenance of the time of use of equipment and moderate wage increases, in particular. The interest of such exercises is essentially academic: They shed light on certain mechanisms, underline the importance of the time of use of equipment and the evolution of wages, but they do not enable us to come to any conclusion on the possibility of bringing about such scenarios. In short, the exercises do not yield "the truth," but only partial indications.

#### Correction of Model

Along with the econometric simulations, different surveys were made in enterprises. An investigation made by the weekly L'USINE NOUVELLE among its readers

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<sup>2</sup> Oudiz, Raoul, Sterdyniak: "Reducing the Work Week: The Consequences?" *ECONOMIE ET STATISTIQUE*, No 111, May 1979.

who are executives (L'USINE NOUVELLE, 22 February 1979) showed that only 17.1 percent of the enterprises expected to resort to hiring if there were any reduction in the work week, and 1.9 percent even said that they would reduce the number of employees. This was naturally only a partial survey that would not authorize general conclusions, but it is nevertheless instructive with respect to the feelings of executives concerning hiring.

Other studies in enterprises only confirmed this behavior. Among the surveys, we would recall the one we completed ourselves at the Employment Studies Center.<sup>3</sup> We examined 30 experiments in reducing the work week completed between 1978 and 1980. This study includes the matter of links between employment and the work week in the broader framework of the overall strategy of enterprises. The reduction in the work week -- an average of 5 percent -- had a real effect on employment in only 11 of the 30 establishments visited. The number of jobs created or maintained is about 1 percent of total employment. Management generally accepted reductions in the work week provided that they did not result in hiring. Concerning these overall effects on employment (1 percent), one can put the actual creation of new jobs at only 5 percent. Improving work organization and schedules, a more efficient use of time, an intensification of work or the conclusion of investments in productivity made it possible to maintain or even increase production despite fewer hours worked. At 95 percent, the effect on employment is a safeguard: It prevents layoffs and resembles a sharing of unemployment more than a sharing of work, insofar as a reduction in the work week results in a drop in the purchasing power. The essential effect of the measures to reduce the work week therefore looks like a safeguard effect rather than one of creation.

The limited nature of our sampling does not allow one to make general conclusions concerning the study of microeconomic mechanisms, or to compare them with the data from macroeconomic models. Nevertheless, the latter do not take into account certain phenomena that seemed to us to play an important role in adjusting the production apparatus to reductions in the work week. It is assumed in the simulations that the necessary maintenance of the time of use of equipment functioning continually in the shops would bring about an increase in the number of employees if the work week should be reduced. However, such is not always the case. Continuity of production -- if the average work week is reduced -- can be ensured by assigning wage earners to other posts (for example, the transfer of personnel from shops not in continuous operation to shops of continuous operation) or by improvements in productivity (particularly through the automation of some equipment in continuously operating shops). In all the cases we studied, no reduction in the work week in departments operating continuously brought about an increase in employment on the company level.

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<sup>3</sup> P. Boisard, M. Vennat: "Microeconomic Effects of a Reduction in the Work Week," BULLETIN D'INFORMATION DU CENTRE D'ETUDES DE L'EMPLOI, No 48, Feb 81.

## REPORT STUDIES RECESSION, COMPARES PASOK, ND POLICIES

Athens BUSINESS & FINANCE in English No 174-175, 31 Dec 81 pp 5-6

[Text] The recession that the Greek economy is going through today is not new. Its first signs appeared in mid-1979 when price increases led the New Democracy government to restrict final demand. Since then the descent into the recession has continued unabated, and 1979 ended with a 3.8% (in market prices) GNP growth. Forecasts (e.g. OECD) set 0.75% and 1.5% increases for 1980 and 1981 respectively.

According to more recent data, however, 1980 GNP growth is set at 1.7% while the 1981 rate is expected to be of the order of 1%. EC estimates raise this year's growth to 0.5%, while independent observers anticipate a probable decline of 0.5%-1%. Whatever the correct magnitudes might be, the acute recession the economy is going through is a fact. Available statistics for the first half of 1981 indicate that GNP has stayed at lower levels than those of the corresponding period in 1980 and 1979, with the recession covering the entire spectrum of production (agriculture & industry) with only the service sector still resisting somehow.

The decline in the growth rates is greater in industry than in manufacturing. Thus, the structure of the economy is also differentiated in as much as the service sector is shown swelling from 56.6% and 52.9% during the first and second quarters of 1980 to 58.7% and 54.2% during the same quarters in 1981.

When looking at GNP rates of growth at factor prices in constant 1979 prices (1979 = 100) it is obvious that the starting point of the recession is set after the second quarter in 1979 with an impressive drop of about 6 percentage points within a period of six months. The downward course continued until mid-1980, but the recovery that followed was short-lived and fragile. Depending on the time of the year, the peak of the 1980 deflation is 25%-40% lower than the corresponding peaks of the previous business cycles. Concurrently during the same time that this recovery took place, the Consumer Price Index (CPI) showed its most spectacular increase for the 4-month period of Sept.-Dec. of all years since 1973, when prices rose by 12.7%. As a result the Index went from 239.3 in Aug. 1980 to 269.7 in December.

Indicative of the structure of the recession that Greece as well as other European countries are undergoing is the fact that the recession which started again at the end of 1980 was followed by the continuous rise of prices. This



occurred in spite of valient efforts to implement price controls. Within a six-month period the CPI rose by 9% while GNP dropped by 1.02% in 1981 as compared to the same period in 1980.

Beyond, however, the GNP and prices trends, the factor which is important and decisive for this as well as last year's recession is related to investment. In 1970 constant prices its decline was indeed dramatic. Its course since 1973 is as follows:

<u>Year</u>	<u>% Change</u>
1974/73	-23.35
1975/74	-1.33
1976/75	+6.80
1977/76	+7.80
1978/77	+6.00
1979/78	+7.90
1980/79	-8.3

The 1980 decline of total gross fixed capital investments was the first to be recorded after the first quarter of 1976. The category "Other Projects and Constructions" does show a declining trend throughout the entire period 1976-1980, while investment which comes under the heading "Machinery and Equipment" also shows a negative trend.

In 1979, however, and in spite of the change in economic policy, which attempted to control final domestic demand, investment in machinery rose by 17%. This favorable development continued in 1980 when in contrast to the behavior of all other categories investments in industrial equipment and in transportation continues its upward trend. The change in 1981 however is impressive. A drop is recorded in the entire spectrum of investment. Percentage changes are negative everywhere.

The lowest decline during the second quarter of 1981 is 11.4% in the "Other buildings" category; the highest, 37.3% during the first quarter in 1981 in "Machinery & Equipment," followed by construction with a 26% drop within a period of 6 months. In 1980 a decline of 16.2% had been already registered as compared to 1979.

## AFTER THE ELECTIONS

Investments and GNP constitute the two main determining factors of the course of the economy. As indicated in Table 1, initial forecasts for 1981 were more optimistic than shown in the latest National Accounts. Meanwhile the change in the government together with the delay in submitting the budget deprived us of the data, which normally becomes available at this time. According to indications and preliminary data it appears that GNP at factor price will

record a slight decline (as already stated above) of the order of 0.5%, following an increase of 1.9% in 1980. Similarly, the CPI is expected to increase by 30%, especially after the increase in public utilities bills, while the balance of current transactions may show a slight improvement to reach a total of \$2.2 billion as against a \$2.05 billion in 1980. According to some observers this figure is considered as relatively high, about 5.5% of GDP, and its magnitude at a time of recession



Greece  
Demand, Output and Prices  
Percentage changes, volume (1970 prices)

	1980 current prices billion Dr.	1980	1981	1982
Private consumption	1,125.1	-0.2	0	1.5
Government consumption	275.7	-0.4	4	2.5
Gross fixed capital formation	404.0	-8.3	-10	0.75
Final domestic demand	1,804.8	-1.9	-1.25	1.5
*plus change in stockbuilding	78.7	0.1	0	0
*plus change in foreign balance	-143.8	1.6	1	0
*plus error of estimate	-17.5	1.9	0	0
GDP at market prices	1,722.1	1.7	-0.25	1.5
GDP implicit price deflator	-	18.4	24	24
Memorandum items				
Consumer prices	-	24.9	25.5	23
Manufacturing production	-	0.9	-0.75	2

\*As a percentage of GDP in the previous period.

a) Excluding ships operating overseas.

b) Actual amount of stockbuilding, foreign balance and error of estimate.

c) Consumer price index.

indicates that the balance of payments will constitute a serious problem if and when economic recovery gets underway.

The basic feature of 1981 is the former government's efforts to differentiate its economic policy and PASOK's attempts to trace a new one. The exact nature of the economic policy followed by the New Democracy still remains somewhat cloudy mainly because there never was a clear direction or an attempt to harmonize targets and means. The question of the supply of money provides a representative example, viz., while the Bank of Greece, with all the limited freedom allowed to it by the government, was trying to hold down the supply of money at levels which would make easier inflation control. (In 1980 the supply of money in the broad sense of M3 increased by about 24% or by one percentage unit more than anticipated in the monetary program, and the deficit of the public sector continued to expand.) State borrowing from credit institutions increased from 92.6 billion drs. in 1979

to 300 billion in 1981, as a consequence of which the private sector was deprived of capital.

Interest rates provide another example of a nebulous economic policy. The prevailing system when combined with the compulsory deposit of interest-bearing promissory notes which aim to finance the public deficit do not provide a motive for the commercial banks to finance investments of economic or social importance — as professor Zolotas, then governor of the Bank of Greece, points out in his annual report. Thus the basic target of the economic policy, i.e. the recovery of investment, could not be promoted.

Generally speaking, the New Democracy economic policy was primarily based on final demand management with the aim to obtain economic stability. Beyond the fact however, that this policy was often contradictory to the policy followed in the other sectors — e.g. the demand restrictions of July 1979

to July 1980 coincided with a considerable drachma devaluation, a fact which augmented inflationary pressures — the adoption of such a neoclassic policy took place in our country at a time when its effectiveness was questioned worldwide.

Since 1974, the New Democracy had also adopted an interventionist policy, intending to control prices, encourage investment activity and promote nationalisations, etc. However, the international trend towards adopting an economic policy which puts more emphasis on the free market had also influenced the then-Greek government. As a result, shortly before the elections the viewpoint that there should be less state intervention and that exports and investment should have absolute priority had gained some considerable ground.

The scenery changes however again after the elections. The new government's economic philosophy is closer to Mitterand's France, than that of Reagan's (U.S.A.), and Thatcher's Britain. While importance is attached to production — and this point is common for both the N.D. and PASOK — economic policy turns again to final domestic demand management. That is, the exit from the recession is planned through the strengthening of private consumption while production will increase through a rise in investment.

In that respect, PASOK's policy differs little from that adopted by the N.D. in 1974-75. Public investment again acquires great importance — that had already been accepted by the previous governments under the additional incentive that all such investments would benefit from watching community funds.

The main difference between the two policies is to be found in PASOK's viewpoint that private investment may be increased through the proper state intervention in the credit system. That is, contrary to the recent tendency evidenced by the N.D., state control is of special importance to PASOK.

In brief PASOK's policy may be summarized as follows:

- Exit from the recession by strengthening private consumption

- Intensification of production by increasing public investments
- Expansion of private investment through state credit control.

Thus, interest rates liberalization can no longer be implemented. The crucial problems of the new economic policy, however, are to be found elsewhere, first in the influence of the foreign sector, second in the deficit of the public sector.

Specifically, the basic problem of the public sector deficit is how to reconcile the present gap between income and expenditures (and the inflationary pressures deriving thereof) with the government's social program, as well as with the intervention policy which bears certain costs and deflationary goals of the general economic strategy. Thus, for instance, tax reliefs and exemptions will further diminish state revenue while the demands of the deflationary policy require the reduction of the deficit.

This problem is directly connected with the foreign sector, as well. The deterioration of the terms of trade — primarily because of the oil prices — means that the economy should constantly strive to surpass the problems caused by this one-sided transfer of resources. The solutions to these problems are directly and decisively related to the policy followed on incomes (wages and salaries) and extends beyond the strengthening of demand and the hoped-for economic recovery that the new government envisages.

We must stop at this point. Greece is an EC member country, and the economic policy in which the community services believe in is of great importance to us. Equally important is the policy urged upon all its members by the OECD. A policy which is identical to that of the EC. We shall therefore proceed to examine which is precisely the EC and OECD policy with regards to the absorption of the oil shock and compare it with the Greek policy. In the final analysis it is on this issue that the success or failure of the new government will largely depend. And, what is even more important, the factor "oil" is independent of any political belief or economic philosophy.

## MAGAZINE ANALYZES PASOK ECONOMIC PROGRAM

Athens BUSINESS & FINANCE in English No 173, 19 Dec 81 pp 12, 13

[Article by A. P. K.: "Economic Policy Reconsidered"]

[Text] If there were any doubts, the Prime Minister's speech on the national TV network most certainly dispelled them. The fight against inflation is going to be the government's first consideration.

This is the main conclusion to be drawn from announcements made by the Prime Minister himself in a belated attempt to underscore the gravity of the economic situation. Income rises, tax exemptions and the increase in price of public utilities were all skewed in this direction.

There is more to come however. What appeared on TV Sunday night was only the first installment of what promises to be a three-part mini-series. Observers are at a loss to understand why all measures were not announced together, but the opinion has been expressed that either the government was not really ready or that the situation is much worse than what it had anticipated before coming to power. When all measures are known, they supposedly will form the general framework within which the economy will operate.

Basically the government has attempted to implement a nearly impossible task — on the one hand to satisfy some of its pre-election promises with respect to the maintenance of the purchasing power of workers' incomes; and on the other to meet stringent requirements regarding the level of the public sector deficit that its most important economic advisers were insisting upon.

On balance, the technocrats Apostolos Lazaris, Gerasimos Arsenis, Dimitris Koulourianos and Manolis Drettakis seem

to have carried the day. The fact, however, that most people seem to be pleased with the new directions of the country's economic policy should provide, at least for some, food for thought.

## A DIFFICULT PATH

The general picture painted by the Prime Minister was bleak. An accumulation of social and economic problems in the country have been accentuated by the impact of world recession as well as by the specific economic policy followed by the last government in 1981.

If we assume as correct the forecast that in 1981 real growth is going to be zero, and that inflation will run at about 25% to 27%, then this year's public sector deficit of 350 billion drs. should amount

to about 19% of the GNP. The balance of payments is in a marginally better position. The deficit on the current account deficit is expected to reach \$2.6 billion, up from \$2.3 billion last year.

Within this framework the government has chosen to do the following:

- adopt a system of automatic wage indexation, which is going to take place once every four months;
- postpone for 1982 (fiscal 1983) tax indexation as well as any increases in tax exemptions;
- increase the price of water, telephone services and gas.

At first glance some of these measures may appear to be quite inflationary. And without any doubt, the rise in public utilities prices, however much it may have

Period	Income	CPI Increase	Income after indexation
Jan.-Apr.	100 dra.	9.28%	109.28 dra.
May-Aug.	109.28 dra.	2.18%	111.66 dra.
Sept.-Dec.	111.66 dra.	12.13%	125.20 dra.

been necessary, will add about two percentage points to the retail price index. At the same time, however, a carefully graduated scale of income adjustments and wage indexation tied to the level of income enable the government to claim with some success that inflation will not take off in an explosive path; that income redistribution is effected, that the public utilities will now be run on private-sector criteria and that enough new income will find its way into the hands of the lower income groups that a demand-led reflation will now be in sight.

The attempt to safeguard real incomes for the lower-income groups is implemented in the following ways:

As of January 1, monthly incomes of up to 20,000 dra. will go up by 25%. From then on however, as incomes increase, the percentages decrease. Thus the adjustment will be 18% for incomes of up to 25,000 dra. per month and the scale then declines to 13.3%, 10%, 6.6% and 5%. At the level of 50,000 dra. the once-and-for-all adjustment is a flat 2,000 dra.

Wage indexation is also graduated. Incomes of up to 35,000 dra. per month will benefit from the full adjustment to the rise in the consumer's price index. Incomes in the range of 35,000-55,000 dra. will be indexed by a factor of 0.5 of the rise in prices, those between 55,000 and 80,000 will go up by 0.25 of the increase in the CPI, and finally, those over 80,000 dra. will not be indexed at all.

Under these circumstances, the rise in money incomes will differ widely, depending on the level one starts with. As an example, let us assume that in 1982 inflation will run at the same level as 1980, and that the CPI four-month increases also follow the same pattern. Under the provisions outlined by the Prime Minister, indexation will operate as shown in the table, in assuming a nominal income of 100 dra.

Total income collected by the wage earner however has gone up by 6.98% only.

Specifically:  $100 \times 4 = 400$  dra. for the first four-month period;  
 $109.28 \times 4 = 437.12$  dra. for the second four-month period, and  
 $111.66 \times 4 = 446.64$  dra. for the third four-month period.

Thus, compared to the totally unadjusted income of 1,200 dra., indexation will give an income of 1283.76 dra., or an increase of 6.98%. It is clear from the above that what is important, however, is the initial once-and-for-all increase that the government has given. Thus an income of 20,000 dra. will get an increase of 5,000 dra. or 25% to start with, plus the 6.98% rise from the indexation for a total of 33.72%.

Total income will then go up from 240,000 dra. to 320,940 dra. On the other hand, a 50,000 dra. income will get 2,000 to start with, plus one-fourth of the rise in the CPI, for a total rise of 5.79%, while those earning 100,000 dra. per month will get the 2,000 dra. and nothing from the indexation.

## NO SCHOOL DISCERNIBLE

At a more general level, it is difficult to identify any specific school of thought behind the government's program. In some respects, the attempt to sharply moderate the rise in the higher-income brackets comes pretty close to the positive-adjustment policies advocated by the European Community Commission, as well as by the OECD (Organization for Economic Cooperation and Development). However, in terms of its more general philosophy – specifically with respect to the increases granted to the lower income groups – one is faced with a typical demand management economic policy. And yet, to underline the final contradiction, in terms of its redistributive effects the policy is anything but Keynesian.

As mentioned already, the main thrust of the new economic policy is



against inflation. The Prime Minister was quite adamant about this. He even went as far as stating quite unequivocally that 1982 will be a difficult year for all concerned. It is for this reason primarily that the government was forced to postpone the tax reforms that it had promised. No one can say that it is not well informed about the burden that inflation has placed on the taxpayer, in view of the progressive nature of the income tax.

Yet, equally important, the government dares not do away with the fiscal drag that this situation has created. Belts will have to be tightened, patience will have to be even more of a virtue and some pre-electoral promises will have to wait for a more appropriate time.

Two things, however, are rather encouraging from this respect. As promised by the Prime Minister, all such tax reforms will be announced with the presentation of the 1982 Budget in Parliament. Even more, one can expect that within the next three months the basic outlines of the economic policy will be completed. Again the Prime Minister showed a heightened sensitivity on this issue. As he aptly put it, "all concerned will know the rules of the game." The long-range plans provide for the drawing up of a five-year rolling plan.

If there is one big question that still remains unanswered for most people, this is the efficacy of the government's plans for the reflation of the economy. To some extent the additional demand, according to what was said Sunday, will come from the additional income that the lower income groups will get.

The Prime Minister, however, seemed to be putting most of his hopes in the field of public investment. Whether this will really be the case remains to be seen, but not a few observers have expressed some serious misgivings about this course. They have pointed out not only the relatively small importance that the lower-income groups have in terms of total purchasing power in the economy, but also to the fact that the Public Investment Budget is too notoriously unyielding to be able to give anything like the quick results that the government wants and is hoping for.

A lot will depend on two factors. One is the specific measures that will be designed with the aim of increasing private investment. And secondly, the degree to which the government will be able to withstand political pressure from its left and keep public expenditure under control. If it is successful in these two points there is no reason why everyone, including the former government, should not support the new directions in the country's economic policies.

A.P.K.



## BRIEFS

EXPORT TRADE DECLINE--The worldwide recession which has affected almost all the industrially advanced nations, has also had serious repercussions on Greece's export trade. The value of Greece's exports during the nine-month period January-September 1981 was 23 billion drachmas less than the corresponding 1980 period. According to National Statistics Service figures, the value of Greece's exports during the nine-month period in 1981 totaled 144 billion drachmas. [Text] [Athens ATHENS NEWS in English 13 Jan 82 p 9]

CSO: 4600/200

## SEE'S REPORTEDLY RECEIVE 'GREEN LIGHT' TO RAISE PRICES

Istanbul GUNAYDIN in Turkish 9 Jan 82 p 5

[Text] The State Economic Enterprises [SEE's] have lined up to raise the prices of the goods they produce. At the head of those enterprises adjusting prices comes the Milk Industry Enterprise; after this comes the Meat and Fish Enterprise; the Maritime Bank has also stepped into line.

The SEE's have begun preparations for price hikes following the entry into effect of the Council of Ministers' decree which leaves them free to adjust the prices of the goods and services which they produce in proportion with rising costs.

Finance Minister Kaya Erdem, while presenting the budget for the 1982 fiscal year, expressed the following view: "In order to realize the investments for the SEE's, it is necessary to establish a 100 billion lira fund." Experts evaluating this view indicate that the 100 billion lira of desired new resources could definitely be obtained in 1982 through adjustments in the prices of SEE products.

The experts give their views on this subject as follows: "With the new year, SEE administrators are to be free to adjust product prices in proportion to rising costs in line with the Council of Ministers' decree. Thus, they are to work in the same manner as businessmen. Under these conditions, it will be very difficult for the administrators to find the 100 billion lira which will be necessary in order to permit them to make the investments. However, they will be able to obtain the former by way of adjusting the prices of their products."

The Council of Ministers' decree states that "The enterprises are free to determine prices and rates. The purpose is that increases in costs be reflected exactly and without delay in prices."

CSO: 4654/136

## BRIEFS

MARITIME FREIGHT CHARGES--Izmir--Reportedly, the amount of freight charges--including insurance--which Turkey paid in its maritime transport in 1981 exceeded \$1.1 billion. It was stated that 95 percent of the foreign trade in our country is carried out by way of the seas and that Turkish ships account for only 11 percent of the nation's freight charges. We pay out the remaining 89 percent in foreign exchange to foreign ships. One official from the port of Izmir appraises the situation in this regard as follows: "After petroleum, Turkey pays the most foreign exchange for maritime transport. Maritime freight charges, which are the fees for maritime transport services, vary according to the type and manner of transporting the load. However, in the final analysis, they represent 5-15 percent of the value of the product transported. We must put an end to this situation where, in our country's foreign payments, the heftiest bill after the one for petroleum is shipping charges. [Excerpt] [Istanbul GUNAYDIN in Turkish 10 Jan 82 p 5]

CSO: 4654/136

## EXISTENCE OF GLISTRUP PARTY PRECLUDES NONSOCIALIST RULE

Copenhagen BERLINGSKE TIDENDE in Danish 2 Jan 82 p 9

[Commentary by K. B. Andersen, Former Foreign Minister]

[Text] On the last proper working day of the old year, we finally got a new government or, at any rate, a government which enabled Queen Margrethe last night to hold a New Year's Royal Banquet with actual ministers and not just acting ministers.

Nobody expects that government to last very long. For that reason, it is important to deal with it while it is still time.

Any new government should have fair play to show what it can do and should, therefore, be given a reasonable period of 'close season.' But that cannot prevent reflections on its creation. And it should be pointed out clearly and unambiguously: this government solution was not the only one possible--certainly not in a situation with large unsolved tasks, as far as the employment situation, the investment climate, the balance of payments situation, etc., are concerned.

There were other possibilities--or rather, another possibility. Here, I do not have in mind a Liberal-Conservative government as the alternative. This was not an alternative prior to the election, nor is it after the election. It is not so even if these old partners borrow the Social Democrats' hitherto cooperation partners, the Center Democrats and the Christian People's Party.

As long as the Progressive Party has got the size it still has, there is no alternative to a Social Democratic government. Anker Jørgensen's time as prime minister is not threatened as long as there are hundreds of thousands of people who vote for Glistrup, the person--for, here, it is really a question of a personal party ownership--who contributes to an undue increase in their taxes by seeing to it that he himself and other people who are comfortably off have their taxes reduced unduly. Glistrup is still the safety net of a Social Democratic government by preventing a non-socialist alternative.



It is no particularly happy situation for the Social Democratic Party to have the government responsibility year after year and election after election without having the power to carry through its policy. A situation like that really takes it out of you.

This is probably also the background to the prime minister's desire to get into the opposition. But Anker Jørgensen had to swallow the bitter pill and, like Sophie in Heiberg's famous vaudeville, experience that a No became a Yes. As is well-known, Sophie wanted it that way. Did Anker?

In fairness, it should be added that the Social Democratic Party is not particularly well-suited to be in opposition. Its voters expect that the party will not sit with its arms crossed in a position of relaxation and waiting. Here, things are probably easier for the non-socialist parties. If the Social Democratic Party did go into opposition, it would not take many weeks for many of those who had advised the party to go into opposition, to get up and demand that the party seek to exert its influence by starting negotiations with the non-socialist government to save what may be saved.

To avoid any remarks to the effect that I ought to have presented this viewpoint when I was a member of the Folketing, I want to point out that I did so, even on several occasions. This happened, for example, at a meeting in my constituency about 12 months ago. On that occasion, I suggested a broad co-operation across the center. When I was a guest speaker at the meeting of delegates of the National Farmers' Association some months ago, I repeated that I did not believe that things would get better until we got a broader cooperation in the Folketing. That would be the only means against the inadequate solutions and bandages with which we now had to live.

I know that statements will be made to the effect that the marks of the Social Democratic-Liberal government are frightening. However, that government had, in many respects, such an unhappy birth that it is not possible summarily to draw conclusions from it by analogy. Its birth was started prematurely and took place more or less clandestinely. Some people will say that that government was born in sin. And those who felt that way lost no opportunity to announce it, directly or indirectly, at the right as well as the wrong moments. That government did not get a chance.

To the difficulties which the government cannot avoid getting in merely approaching constructive and tenable solutions to economic problems comes the question: what about the foreign policy and the defense policy?

Will the Social Democratic minority government be able to resist the pressures from the Radical Liberal Party and the Socialist People's Party? In his article in BERLINGSKE TIDENDE on 28 December 1981, Gert Petersen did not conceal that strong pressures will be exerted on the government.

It is here hardly any consolation that the Liberal Party and the Conservative Party will raise objections. They lack every background for doing so with any weight after accepting the demand from the Radical Liberal Party for cuts in the defense budget when pressure was exerted on them from the Radical Liberal Party

at the formation of the Liberal, Conservative, Radical-Liberal government in 1968.

I hope so and believe it.

I do not believe that Prime Minister Anker Jørgensen is the same Anker Jørgensen who, in 1968, was unable to follow his party in votings on defense issues.

He is the prime minister who has the honor and the responsibility for the fact that it was possible in August of 1980 to conclude a broad defense agreement which, it is true, meant cuts in personnel and equipment, but which, nevertheless, provided a reasonable framework for the Danish security policy and policy of appeasement.

7262

CSO: 3106/44

## UNION CHIEF STEPS UP DEMANDS ON NATIVE LABOR AT U.S. BASES

Godthaab GRONLANDSPOSTEN in Danish 23 Dec 81 p 20

[Text] The chief negotiator of the Danish Employers' Association, office head S. Raundahl Jensen, said in connection with the desire of SIK [Greenland Workers' Union] to have Greenland workers employed at the bases that it is not enough to have a main agreement for the Greenland labor market. "It is a program that has to develop itself," said the office head who is well aware that a main agreement for Greenland would depend on SIK having greater opportunities to get its members employed at the American bases.

"I know that Jens Lyberth wants to get some Greenland labor in and I also understood from Jens Thorsen, the man deciding the matter, that there was nothing preventing it. If we otherwise get things settled up there," said Raundahl Jensen who stressed at the same time that the only way this could happen was if some people left the area.

How large is personnel turnover, where do the shifts occur?

"I can't say that exactly but the turnover must be great. The conditions are very special. The reason people stayed there so long was that they didn't have to pay taxes. It used to be 2 years but now it is only 6 months."

Raundahl Jensen also said the problem might arise that SIK cannot provide the right people for the work. "Of course they must be qualified for the jobs. Some of the jobs are skilled and there are not many skilled workers among the SIK membership," said Raundahl Jensen who thought things would depend more on how many unskilled workers were needed to work at the bases.

6578

CSO: 3106/52

## GREENLAND MP STEENHOLDT SEEN DESERTING FOLKETING SDP

Godthaab GRONLANDSPOSTEN in Danish 23 Dec 81 p 8

[Text] There is some lack of clarity about Otto Steenholdt's affiliation in Folketing.

The desire of the Social Democrats [SDP] to continue as the ruling party--perhaps with the support of the Socialist People's Party and the Radical Liberals--does not please Greenland Folketing member Otto Steenholdt, who in several periods has worked with the Social Democrats and belonged to their Folketing group.

AG [GRONLANDSPOSTEN] has learned that Otto Steenholdt has put out feelers to the nonsocialists. There have also been rumors at Christiansborg that he might be a candidate for the post of Greenland minister in a nonsocialist government that would not want Greenland to withdraw from membership in EC.

Both the Folketing members from Greenland have in the past been decisive in the distribution of committee posts to the parties with which they have cooperated in Folketing.

But after the election they don't have this central position either with the Social Democrats or in left-wing cooperation.

Otto Steenholdt considers it important for his work in Folketing that he gets committee posts. Thus since 1977 the Social Democrats have given him the chance to be a member of the Nordic Council and he has also been member of the Agricultural Committee.

Otto Steenholdt said last week to the newspaper POLITIKEN that "it would be very difficult for me to sit in the Social Democratic group if it enters a cooperation with SF [Socialist People's Party]," and at the same time Social Democratic sources told the paper that if Otto Steenholdt turns his back on the Social Democrats "it will have extended political consequences for cooperation between that party and Atassut [moderate, pro-Denmark party]."

The same sources said further that the Social Democratic stand on EC is unchanged regardless of whether a cooperation is set up with SF on Danish issues.

6578

CSO: 3106/52



## EUROPEAN PARLIAMENT MP DISCUSSES EC VOTE DILEMMA

Copenhagen BERLINGSKE TIDENDE in Danish 18 Jan 82 p 9

[Article by European Parliament member Kent Kirk (Conservative)]

[Text] The Greenlanders wanted to take a stand themselves on whether they still want Greenland to remain a member of EC. Most of the political parties have accepted this attitude so far and thus the parties feeling positively about EC have not wanted to intervene in the campaign prior to the plebiscite in Greenland on 23 February 1982.

However the Danish People's Movement Against EC had decided in advance that Greenland should withdraw from EC whether or not the rest of Denmark remains in the Common Market. The reason is entirely political. It is highly regrettable that the People's Movement intervened at such an early stage in the Greenland debate at a point when the People's Movement itself as well as Siumut [socialist, radical home-rule party] insisted that the Greenlanders themselves should be allowed to make their own decision.

It would be irresponsible to individual Greenlanders if the rest of us in Denmark did not try in a balanced way to guide the people of Greenland with respect to what we fear might happen to developments there if the ploy of the People's Movement--with Greenland as their political plaything--ends in Greenland expressing a desire to abandon EC cooperation. For that reason the European Democratic Group in the European Parliament asked early in 1981 that a presentation be made in that quarter of the consequences of EC membership for business life in Greenland. With the increased political independence Greenland has gained through the introduction of home rule we feel that leaving EC would delay, perhaps even put a stop to the greater degree of economic independence that is a prerequisite for full utilization of their greater political independence from Denmark.

Tax pressures in Greenland have risen sharply. The average tax percentage in 1975 was 15.3 percent; in 1982 it has grown to 22.5 percent. But the average figures conceal vast gaps between individual communities. These differences will be further solidified if the Greenland economy loses the direct subsidies and incentives that have resulted in the past from EC membership. Thus since 1973 Greenland has received subsidies of 604.6 million kroner, with 242.8 million coming from the Social Fund and 361.8 million from the Regional Fund. Add to

that loans through the European Investment Bank to the tune of 383.4 million kroner. Denmark would be unable to make up for these subsidies and loan opportunities. The European Parliament's statement makes it clear that Greenland business life would run into hard times without EC membership. It might be possible to get a little more self-determination over access to fishing within Greenland waters, but what good is it to catch fish if no one will buy them? EC with its 270 million inhabitants has developed into Greenland's most important market over the last 10 years. Sales of fish and fishery products outside Greenland rose sharply in this decade. In terms of quantity sales almost tripled from 11,103 tons in 1970 to 32,386 tons in 1979, corresponding to a value increase from 82.9 million kroner to 510.6 million kroner. At the same time the U.S. share of the market fell sharply. While before 1973 no direct exporting took place to the six original EC countries these lands as a whole are now Greenland's most important market. If Greenland is to have a trade agreement with EC like that of the Faeroes it would lead to duties being imposed on important products, in some cases as much as 14-15 percent. Greenland's fish products can't take that. Thus price and sales conditions for almost 80 percent of Greenland's fishery exports depend on the present duty-free access to the entire EC market.

In 1970 Greenland's exports amounted to only 26.5 percent of imports from Denmark and other countries. They were and still are made up of a broad spectrum of all the products needed in a modern society when we look at the import side while the export side concentrates on fish and fishery products. In other words the economy of Greenland is entirely dependent on sales of fish products. In 1979 Greenland's exports had grown to 59.6 percent of imports but the export assortment is still limited.

Thus today the economy of Greenland depends entirely on massive subsidies, first and foremost from Denmark, and to a lesser extent from EC. In the long run this state of affairs is unsatisfactory for the people of Greenland--which is entirely understandable. Therefore one of the most important goals of home rule is precisely to create an independent Greenland economy that can eventually finance an increasing share of the social tasks in Greenland. But without EC membership the Greenlanders will be unable to reach that goal. Thus if they try to go it alone outside EC individual Greenlanders won't have smooth sailing ahead of them.

## COMMUNIST PARTY ORGAN INTERVIEWS SIUMUT LEADERS ON EC

Copenhagen LAND OG FOLK in Danish 2-3 Jan 82 pp 9-10

[Interview with Greenland government member Thue Christiansen and Danish Folketing member from Greenland Preben Lange by John Wilken; date and place not specified]

[Text] Of course we can get along without EC, say two leading members of the Siumut Party ["Forward," socialist radical home-rule party].

Greenland government member Thue Christiansen of the Siumut Party and the same party's newly-elected representative to the Danish parliament, Preben Lange, have no doubts at all: EC will be out of Greenland as a result of the plebiscite in February. "Greenland must get out of EC. Siumut's slight decline in the Folketing election should not be taken as a decline in forces opposed to Greenland's membership in EC.

"Our cooperative organization against EC--ANISA [expansion unknown]--includes many people from Atassut ['Mutual Cooperation,' moderate, pro-Denmark party] which took some of our votes this time," said Thue Christiansen who is chairman of ANISA.

The plebiscite in February is an advisory popular referendum. Thus it alone cannot determine whether Greenland will withdraw from EC. But it is clear that a Social Democratic government at least would not dare block Greenland from seeking a new status in relation to EC if the Greenlanders decide once more that they don't want to be members of EC.

[Question] After all the initial position is that in 1972 Greenland rejected EC in a popular referendum.

[Thue Christiansen] And Greenland still says no. It was to underline this that we set up our cooperative organization against EC. The organization consists of Siumut, Inuit Ataqatigiit [pan-Eskimo party] and Sulisartut Partiiat [Labor Party]. Cooperation among these parties is continuing and the Folketing election shows the majority of the people are behind us.

[Question] The Folketing election did show some movement toward Atassut, didn't it, Preben Lange?

[Preben Lange] I should probably add that ANISA also includes the fishermen's and trapper's federation, KNAPK [expansion unknown] and SIK, the Greenland Workers' Union.

KNAPK has roots extending far into Atassut and that party's only campaign objective was to combat Siumut. Therefore no parallels can be drawn between the Folketing election and the upcoming popular referendum on EC.

[Question] At the moment you have a representative of the opposition in Greenland serving as a member of the EC Parliament. Some think you should be satisfied with that.

[Christiansen] We cannot be satisfied with that status. This is mainly because our special arrangement with EC runs out in 1982. That means the real EC influence in Greenland won't come until next year.

We have heard the political stand of opposing parties on EC and we agree that EC is able to destroy the home rule we are building up.

EC supporters say membership can bring us money and money is what we need, so we don't have much chance of countering that argument.

#### Colonial Era Again

We are fighting for our existence as a people. We live in the North Atlantic and we don't want to be dependent on people who live in central or southern Europe.

[Question] Have you been able to notice a difference between the general Danish superiority--Danish colonialism--and the conditions arising after you became EC members?

[Christiansen] We can just look at fishing negotiations, where we don't have the right to make any decisions--EC does that for us. They give the rights to the various fishing nations within EC. As long as we belong to EC the Greenland government has no influence over these rights.

In other words the colonialism we had before 1953 has functioned even more strongly since our membership in EC.

[Question] You mean a return to conditions before the constitutional amendment in 1953 which made Greenland an equal part of Denmark?

[Lange] Absolutely. We are in the paradoxical situation that through home rule we have fought to get away from Denmark's colonial control. And at the very same time we joined EC which acts exactly the way Denmark did in the colonial period. We must keep ourselves free of this neocolonialism.



But so far we haven't felt EC's neocolonialism to its full extent as long as the special arrangement remains in effect until the end of 1982. But at that time we would certainly feel what capital and labor fluctuations mean for a small nation like Greenland.

#### Still Protected

[Question] Perhaps we should just outline the terms of the special arrangement.

[Lange] The basis is that Greenland is protected in a manner of speaking for 10 years starting in 1972 in relation to other member lands. In the fishing sector this has meant we could keep some zones to fish in ourselves. That will disappear at the end of 1982.

We will also be affected by labor force and capital mobility. This means that big concerns could set up big industrial projects on the basis of our natural resources and that they could use their own labor which they would bring in.

[Question] That would be specialized labor in particular. Thue Christiansen, as member of the government you are in charge of education. What would this mean for you?

[Christiansen] Education must be harmonized within EC and that means we can't have the special Greenland educations we need in line with the development of society we ourselves want.

In connection with the introduction of home rule we struggled against the influence Denmark had over the educational sector. But we will have even bigger problems with EC if we don't get out now. If we stay in EC it will destroy the home rule we are setting up. EC will try to pump in systems we are not familiar with and therefore cannot control.

#### EC's Plans

[Question] In the election campaign in Greenland references were made to some secret EC documents on Greenland. Perhaps we should just mention them since not much has been said about them in Denmark.

[Lange] We in Siumut have always said that EC had ulterior motives in giving Greenland a higher priority than other developing countries that are associated with it. Of course we know that we are a rich area with respect to living resources as well as to minerals, oil, etc.

This involves correspondence between Niels Jorgen Thogersen, information chief for EC in Copenhagen, and then EC Commissioner Finn Gundelach.

Thogersen wrote on the basis of a stay in Greenland in 1976 and he recommended among other things that more emphasis be put on the Greenland Information League by investing more in an effort to deflect anti-EC skepticism in Greenland.

[Question] In other words, Greenland should be bought?

[Christiansen] We can conclude, and it is also apparent from the correspondence, that the idea was to buy influence over our resources by giving subsidies that would otherwise not be granted to overseas areas.

There is no reason to believe EC Commissioner Dalsager who was asked during his visit to Greenland what interest EC has in Greenland to which he replied that the interest is due to the fact that Greenland is a democratic country.

In other words EC is supposedly interested in democratic countries. Nobody believes that. A few days later the documents came to light showing that EC is interested in Greenland because we have resources, oil, uranium--we have it all.

We'll Get By

[Question] Even so, people are interested in how you in Greenland would get along outside EC. Do you have anything to say about that?

[Christiansen] Yes. We can certainly get along without EC. We get less than 100 million kroner a year in subsidies from EC now.

Of course we would miss the money. But the price for receiving the money is giving up our independence, our freedom of action as a people.

[Lange] Missing the money is only a transitional phenomenon. EC's investment plans expire in 1982. No one can say what EC would give in subsidies even if we remain an EC member. We are ready to go to Brussels to establish an OLT [Overseas Lands and Territories] arrangement if that is necessary.

[Question] And what can such an OLT arrangement, which applies to former colonial overseas areas of EC countries, involve?

[Christiansen] Naturally we are interested in selling our fish resources to EC. We have nothing against EC as such. We would like to trade with EC, especially if we can get out of it. But we will not be coerced by EC, as we have been in the disputes with West Germany on fishing quotas. West German fishermen in particular have helped to make it clear to our people what EC means.

With regard to an OLT arrangement we feel it could be mutually advantageous for Greenland and EC.

Greenlanders are learning how to negotiate their way to solutions with other nations and this cannot be branded as hatred of the Danes or hatred of Europeans.

But it is absurd to try to make us into some kind of Europeans through membership in EC.

[Notes]

Siumut. Founded in 1971 but first organized as a real party in 1977. Socialist orientation.

Atassut. Founded in 1978 to defend solidarity between Denmark and Greenland. EC supporters. Nonsocialist orientation.

Inuit Ataqatigiit. Founded in 1978. Independence movement on the Greenland left wing.

Sulissartut Partiat. Labor Party. Founded in 1979 by the Greenland federation of trade unions, SIK.

OLT arrangement. Special form of association agreement with EC which was set up for nonindependent overseas lands and territories with special affiliation with an EC country. The agreement gives duty-free privileges in many areas on exports to an EC country.

6578

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## BRIEFS

ANTI-EC VOTE URGED--Greenland could save large sums in the form of savings on import fees on a long list of products, including food products, if Greenland in the plebiscite on EC membership on 23 February decides to leave EC. That is the opinion of Siumut [socialist, radical home-rule party] Folketing member Preben Lange. In three questions directed to Tax and Duty Minister Mogens Lykketoft he demanded answers to how much the Greenland consumers could save on products ranging from bread to chewing gum to snowmobiles if the products could be bought at world market prices. Siumut believes in contrast to Greenland's other big party, Atassut [moderate, pro-Denmark party], that Greenland should withdraw while supporters of EC point out that Greenland can't afford to lose the big subsidies from EC. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 12 Jan 82 p 3] 6578

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## COT: INTERIM PLAN TO INFLUENCE INTERNATIONAL AFFAIRS

Paris LE MONDE in French 29 Dec 81 pp 1,7

[Article by Jean-Pierre Cot, ministerial delegate for cooperation and development: "An International Dimension for the Plan"]

[Text] Seven months after the scathing repudiation the French delivered to Giscardian Orleanism, the left is having to face its administration's first difficulties. Difficulties that were easily predictable, given the legacy that was assumed, but which the country's former leaders would nevertheless like to exploit to their own advantage, even daring to give lessons to those who are engaged in cleaning up the situation that was bequeathed to them!

The will of the people, however, as expressed in the spring, was of the utmost extreme clarity. The election of Francois Mitterrand first of all, and then that of a majority of leftist deputies, brought to light aspirations that define so many tasks for the new government.

First, to surmount the crisis: to reduce unemployment, that absurd and unacceptable situation in which the work force of hundreds of thousands of persons continues to be unemployable, even though considerable numbers of needs remain to be satisfied; to put an end to repeated price rises, which penalize those who are already the most impoverished, while the owners of "real" property, land or housing, are once more maintaining their position.

Next, to change the way of life: toward a more egalitarian society to begin with, certainly in matters of income, but also health and education; toward a more democratic society too, in the town, faced with the ponderousness of the state administration, and especially in business, which has remained a monarchy at the heart of the Republic.

Finally, another priority, one that is perhaps less explicitly mentioned, also appears to be very much present in the minds of the French: to preserve the peace, in a world in which the arms race has been relaunched, in which East-West tensions appear to be more acute every day since the aggravation of the Polish crisis, in which maintaining the North-South inequalities leads to social situations that are being less and less accepted.

A number of very strong measures have already been realized or begun: a measured but appreciable relaunching of growth to create new wealth and new jobs; a modification of taxation to reduce the range of incomes; a decentralization law enabling decisions to be taken as close as possible to the citizens. The planned nationalizations are going to make it possible to subordinate the decisions of the dominant groups in our economy to the interest of the public as a whole. The reduction in working hours will make possible the achievement of a better distribution of activities. Tomorrow, new laws for workers will in their turn find new legal strength.

All of these early measures are responsive to expressed hopes. Their definition and the beginnings of their being set up lead one today to take a more precise view of the resistance we will have to surmount, in particular in one major area, even though it is most often far from daily preoccupations: the area of our international environment.

### Anxiety and Onerousness

First of all, here at the end of 1981, we are weighed down by the considerable risk of a new contraction of the world demand as expressed in marketing terms, at the same time that, throughout recent years, the number of Third World men and women for whom the primary problem is survival has continually grown, at the same time that the OECD countries now have more than 25 million unemployed!

On the other hand, it is impossible to ignore the fact that at the same time the environment became increasingly burdensome for France as soon as Giscardian liberalism opened our borders without restriction to world trade and the international concentration of business firms was strengthened. Today, our foreign trade accounts for nearly one quarter of our gross domestic product. Our foreign dependency has become considerable for a number of vital equipment goods (electric machine tools) and even for a growing share of current consumers' goods. Energy products account for more than one quarter of our imports. Over 20 percent of our industrial production is controlled by large multinational firms directed by foreigners, while our major firms have themselves expanded their foreign ramifications; is it necessary to remind anyone in this connection that, of the nine industrial groups whose nationalization was provided for in the 1972 common program, three are today under foreign financial or technological control, while five of the other six are conducting over 45 percent of their turnover and making over 50 percent of their profits abroad?

### The Classic Answers

In such a context, the confrontations of the traditional economic doctrines lose much of their pertinence.

The liberal approach, first of all, manages to demonstrate its failure under our very eyes. Founded in theory on the competitive play of the forces of the marketplace, it is running into the reality of several large firms establishing their power by means of the most brutal power struggles. Thus, on the one hand, free trade, far from making possible the development of each one's advantages, has increased the inequities between countries and within countries, favoring the more powerful and ignoring everything including some of the most elementary food and health needs, since they were unsolvable. On the other hand, liberalism, because of its incapacity to take long-term phenomena into account, could avoid neither the sudden bursts of the

oil variety, nor the phase of recession and unemployment we are currently experiencing.

For its part, the limits of the Keynesian approach conducted in a national context are appearing equally clearly today. A strong resumption of growth and an appreciable reduction in unemployment by means of the effect alone of the relaunching of private domestic consumption would drive France to an insupportable foreign deficit and to the risks of devaluation, responsibility for which, this time, would clearly belong to those who had decided upon such a policy. Moreover, too significant a development of the role and expenditures of the state can lead to the same extremities and in addition engender--we have been instructed in recent years by the evolution of the Nordic social democracies--phenomena of bureaucratization that in the end are rejected out of hand by the citizens. The fragility of the industrial apparatus and the degree of openness of our country, left to us by the Giscardian government, today are rendering irrelevant formulas which in their time were considered--and rightly so--to represent considerable progress.

One last "traditional" policy cannot be passed over in silence. It is situated in part outside the economic field, but unfortunately proved itself not so long ago: it is the war economy and the race to over-arm, the specter of which unfortunately cannot be dismissed if one observes today's world. While the USSR has for years, despite its internal troubles, carried on a formidable effort in this direction, while the US, under President Reagan's leadership, seems to have decided to recover its uncontested military superiority of yesterday, there is in this an evolution in effect that socialists can only follow with the most extreme anxiety.

So, because the classical answers are revealed as inoperable or unacceptable, should we then resign ourselves in the end to speeches on the inevitability of the crisis, so easily repeated by those who are the least of its victims? The socialists do not think so. With the drawing up of an interim plan and then a five-year plan, they believe they are proposing a decisive cure for our country's situation. Still, it must be clear that the plans of today and tomorrow will have to, among other things, be different from the various previous experiments in one essential characteristic, the necessity for which comes out of the analysis that has just been developed: an important international dimension. And such a dimension in its turn implies another heavy consequence: since our foreign environment is obviously escaping from our command, we must reason in terms, not of classic programming, but of strategy.

#### International Dimension

To speak of the Plan's international dimension requires in the first place frontally attacking a subject that is too often taboo: the restrictions and controls that may be revealed as necessary for our foreign trade. Under what circumstances? Here, a single criterion may serve as a guide: it is inconceivable that the socialists, because of the previous government's *laissez-faire* policy, would accept the decline in employment in industrial activities or entire regions. In such situations--which, alas! are all too frequent--the safeguard clauses in the different international treaties of which we are signatories must be utilized, and foreign negotiations must be engaged in.

Short-term palliatives, some say. This is true if it goes no farther than that, false if the end result of the negotiations makes it possible to set, for the few



necessary years, acceptable growth for certain penetration rates. Is this a dream? There already exists, at the level of the European Communities, a multifiber accord which, whatever its faults, begins to apply such procedures to the clothing and textile fields. And it is very obvious that in the greatest number of cases it is at the EEC level that such accords must be sought when necessary.

Then would this mean damaging other partners brutally, particularly those Third World countries whose socialists say they want to take their interests into account? The answer is negative, since on the one hand it is only additional imports that are to be regulated, and no country today--this is thoroughly demonstrated in practice--can any longer accept the game of a real wild liberalism; on the other hand, the differentiation between countries makes it possible to reserve without difficulty, for states that are really disinherited on our planet, interesting preferential regimes. What is quite true, on the other hand, is that the signing of such accords, has meaning only as a prelude to setting up the Plan itself, and that alone it would be unable to provide employment permanently.

In order to reduce working hours substantially--without which there will be no restoration of full employment--, to effectively reduce inequities--which presupposes a different distribution--in income and consumption,--a central objective of the Plan must be to limit foreign dependencies. Which requires an industrial policy in the activities which are in trouble, utilizing the previously-obtained extensions of time to assure the putting in place of new competitive production capacities. A research and development policy must make it possible, moreover, impelled in particular by the nationalized sector, to create in future gaps the jobs that will be made necessary, including some redeployment that in spite of everything are indispensable. Finally, a vigorous energy policy, in the area of energy saving (the primary French reservoir, according to many people) and new forms of energy, must make it possible to ease our balance of payments, even while limiting the inevitable contribution of nuclear power to what it may yet be: a transition form of energy.

However, reconquering the domestic market and limiting dependence on foreign goods only serves to increase our maneuvering room without really bringing the international environment into question again. Therefore, another of the Plan's objectives must be to establish a bold North-South policy.

We will not dwell on it at length, but for socialists the development of the South is a moral necessity (the struggle for elementary human rights, first of all the right not to die of hunger) and a political necessity (permanent peace would not be likely to be maintained as long as poverty and the arms race coexisted). At the risk of shocking some people, it nevertheless seems necessary to us to indicate also that our interest depends on it today, in addition: to avoid the risks of a world recession that would be catastrophic for all, to develop employment here at home (the balance of our foreign trade with non-petroleum developing countries showed a surplus of over 10 billion francs in 1980), a rise in the South's standard of living is indispensable. And after all, is not the idea of seeking real mutual interests in the long run a foundation that is at once more certain and more healthy for an effective relaunching of the North-South dialog?

It seems possible to envisage three directions for France to set up a North-South policy. First, at the level of the great international authorities, it involves rapidly getting global negotiations under way, in which it is agreed that on the

table will appear all of the demands of the developing countries: sovereignty over their natural resources, reform of the world monetary institutions, ratification of the accords on basic products, raising public aid, etc., and also all of the concerns of the industrialized countries: employment and security of raw material supplies in particular.

We must realize that such a choice may lead today to confrontations with Reagan's United States that may be rough: it is our conviction that by doing this we will best protect the long-term interests of all peoples, including the American people! Next, the European standard must be the favored standard consisting of the realization of certain objectives that our country might sometimes have trouble attaining alone.

Development and cooperation with Africa, the setting up of an efficient food aid policy, control over the multinational firms and protection of minimum standards in the field of labor rights, are so many dossiers in which the European Community can and must usefully affirm its identity. Finally, at the level of our own country, the search for privileged relations with certain states that are concerned with engaging in original paths to more endogenous development, concerned with practicing a real nonalignment policy, may give way to innovative codevelopment accords, medium-term contracts for supplies and reciprocal trade that escape from the forces of the world market alone. There is no doubt that the search for such accords is more particularly oriented toward Africa by the common traditions and cultures. But other countries, in Latin America or Asia, that would be desirous of attempting to develop original relations of this type, would naturally be welcome.

An international dimension for the Plan is finally, quite simply, the acknowledgment that for us there is no possible way out of the crisis by means of a shivering and lasting withdrawal to the Hexagon, and without the clear demonstration of an affirmed planetary policy.

It is high time for France, after too many years of doubt--even eclipse--, to be faithful to its image of a country of human rights for all men, a country of freedom, a country of the fight against exploitation and all forms of exploitation.

In taking such a step again we will find our soul again, knowing that in addition we will be given a better way of life. The generosity of a resolutely internationalist strategy is today, for the others and for ourselves, the only possibility of escaping social tensions and war.

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## NEW DEVELOPMENTS IN INDOCHINESE RELATIONS EXAMINED

Paris LE MONDE DIPLOMATIQUE in French Dec 81 p 13

[Article by Hugues Tertrais: "Paris in the Face of the Indochinese Realities"]

[Text] Seen from Paris, Southeast Asia is emerging from the thick fog that was partly masking its realities. The complexity of the problems and the negative image of Indochina that were imperative through the years persist. But another approach appeared with the desire of the new French diplomacy to turn more to the South, with which all the countries of Southeast Asia are united. The situation in which the government finds itself while assuming its duties (the "freeze" in the cooperation with Laos and also in fact with Cambodia) reveals itself, however, as rather heavy to handle.

This poisoned legacy undoubtedly encouraged the French leaders to refrain from giving priority to that region. In any case, the almost unanimous "request" of Vietnam, Laos and Cambodia for developing relations with France, which has been made more pressing since 10 May, bids fair to raise uncertainties.

With Vietnam, reestablishing cooperation relations seems to be going well: after a period of "freeze," the Franco-Vietnamese joint cooperation commissions met again about a year ago; Nguyen Co Thach, foreign affairs minister, stated with satisfaction in August in Hanoi that, "despite certain difficulties, relations with France are improving at a steady pace," and messages were once more sent to the French government. Today all that remains is to sign a financial protocol, whose total would be modest (150 million francs) compared to the previous one in 1977 (600 million). But the essential point lies in normalizing relations rather than in their immediate content.

In that country, whose area and population are equal to those of France, the field that is open to cooperation appears to be very vast, from offshore oil exploration--laborious negotiations are continuing with Elf-Aquitaine--to certain industrial programs for which the French have experience acquired as much in the South as in the North, to say nothing of cultural relations: Vietnamese researchers in human sciences seem to desire deeper contacts with their French colleagues, for some of whom Indochina was for a long time privileged terrain.

On the other hand, resuming diplomatic relations with Laos may be near. Is the rupture of 1978 now a closed matter? A moderate personality like Prince Souvanna

Phouma, who is now an adviser to the prime minister, still believes that France bears the responsibility for it. Nevertheless, it is his country that has taken the initiative for the resumption of contacts by approaching France's UN representative early in July.

"The government has decided to renew relations with France," Khouné Chandeng, the vice minister of foreign affairs, stated shortly afterwards in Vientiane. But it would be on a new basis, that of "equality and noninterference." Since then negotiations are continuing, too slowly for Laos' taste; can the France of today accept for long the absence of diplomatic relations with a regime that has formed them even with the United States and China? Although no one seems to know how cooperation should be defined, there are many possibilities. For Laos, which is categorized as one of the planet's poorest countries, suffering from being landlocked and from the weakness of its scattered population, is endowed with a rich energy potential and raw materials potential demanding only to be exploited.

### The Advantage of Language

With regard to Cambodia, lastly, where the problem is basically political, there is still uncertainty. France remained reticent at the UN conference on Cambodia last July, because of the absence of Vietnam and the USSR; it is still reticent today with regard to the ad hoc committee that resulted from that conference. Paris abstained from the General Assembly vote on representation for Cambodia. An alternative solution to the Phnom Penh regime? "We hope France will take reality into account," says Hor Nam Hong, vice minister of foreign affairs, in Phnom Penh, "and that it will set an example." According to him, the only solution would be for the world to "take note" of the Vietnamese intervention and understand that, in any case, whatever the level of aid given his country by Vietnam, "Kampuchea belongs to the Kampuchean people, neither to Vietnam nor to the other socialist countries." Will France, for all that, take the step by purely and simply recognizing the Phnom Penh regime? Would it do that alone, and if so when? The timing is still uncertain.

The French would not be unwelcome in Phnom Penh, where their language is still widely spoken, especially in part of the higher education. Within the framework of an economic and cultural cooperation, Paris could contribute to the training of national professionals, one of the country's priorities. And the renaissance of the national Khmer culture would have everything to gain from it.\*

Today, the countries of Indochina have many reasons to appeal to France. Of course, no one has forgotten that for nearly a century this wealthy country was master of the scene, and that the failures of decolonization have something to do with the drama they have gone through.

But the "change" of 10 May and the political experiment that has been unfolding in France since that date are being given attention.

The widely preserved use of the French language--above all in Cambodia and Laos, but also in Vietnam, where the French rank second, after the Russians, in the study \*We are thinking not only of Angkor, but also of the great "shadow theater," the traditional spectacle, in which important persons' images are carved into broad leather panels. The "shadow theater" is not playing in Cambodia and, according to Chheng Phon, the minister of Information and Culture, the only artist still capable of reproducing it without a model is too old to undertake such a task. Today, the only complete collection is to be found in the Guimet Museum in Paris.

programs--appears to be a valuable asset. For the desire for openness, the desire to emerge from being hemmed in felt by the countries of Indochina, which are being pushed by a joint blockade by the United States, China and Thailand into nearly-exclusive relations with CEMA and the Soviet Union, is pushing them all the more in the direction of Paris.

Moreover, they are hoping, in order to secure for themselves better development conditions, to first emerge from the ghetto in which they find themselves. Laos was among the 31 least advanced countries that were the subject of the conference last September in Paris; Vietnam escaped this classification, but just barely. As for Cambodia, no one has been able to calculate its GNP [gross national product] these last few years. For each of them the war made any real economic policy impossible for several decades. Even today, food self-sufficiency remains an obsessive fear and reconstruction is a daily objective. With no available capital and with a demographic growth of 2 to 3 percent, how could it be otherwise?

France's caution in responding to these appeals has several causes, all of which revolve more or less around the Cambodian problem, the problem of the Cambodian "freeze," you might say. It is undoubtedly necessary to take into account the concern not to run head-on into China: is this plain good sense or the persistence of the old "complex" urging the French to perceive Indochina only in terms of China? Previously, the colonial investment policy, in the period of the Doumer Plan and the Yunan Railroad, had as their principal objective welding one to the other and penetrating by way of the South what was already the "market of the century." Much later, after state-owned Renault had created a bicycle factory in Hanoi, its boss demonstrated a neighborly concern, as reported by Francois Missoffe: "To be present in North Vietnam is to be present at the edge of China and the Chinese market."\*

Paris must also carefully deal with the countries of the Southeast Asian Nations Association (ANASE), which have clearly made the Cambodian problem their principal theme. France and its business circles seemed no longer to recognize in this region any but the five member countries of the organization. Investments were developed there, chiefly in Indonesia, which in 1980 received over 1 billion francs in aid and loans. But between Indochina and certain ANASE countries, relations may not be as constrained as they seem. Thus, Gen Murdani, the head of the Indonesian information services, visited Hanoi last September, while the following month two journalists from Djakarta made a trip to Cambodia. A certain detente is also noted between Laos and Thailand, following the recent trip to Bangkok in November of the Laotian minister of Foreign Affairs.

Southeast Asia remains a divided land. Many of its borders are actually closed, those of Vietnam and Laos with China in particular, and those of Laos and Cambodia with Thailand. Two antagonistic groups are being formed: one, poor and capitalistic, around the ANASE; the other, still poorer and socialistic, in Indochina. To choose one over the other, to bet on the ANASE against the Indochinese countries, as most of the planet's great powers are currently doing, can only be to deepen these divisions, undermine the chances of constructing a regional economic space that would be favorable to a genuine development.

On the other hand, a better distribution of trade and investment, which would also make it possible to help Indochina restore its economy, would be one way of contributing to the easing of tensions.

\*Francois Missoffe, "Red Duel," Ramses, Paris, 1977.

## EMPLOYEES CONCERNED ABOUT SPEED, NATURE OF REFORMS

Paris L'UNITE in French 11 Dec 81 p 16

[Interview with Pierre Vanlerenberghe, General Secretary of UCC-CFDT, by Michele Kespi; time and location of interview not specified.]

[Text] A rough weekend for managers. The UGICT (CGT Engineers, Managers and Technicians Trade Union) held its annual meeting in Paris on 4 and 5 December. The theme of the sessions was "Initiatives and Responsibilities of Managers for Ongoing Change." For their part, the CFDT managers held the fifth congress of their organization, the UCC (Confederal Union of Engineers and Managers) in Bierville. As for the CGE [expansion unknown], it affirmed loudly and strongly during the week the growing discontent of the managers. This opinion is not shared by the two managers' union organizations, which, though protecting the interests of their members, are preoccupied first of all with playing a positive role in the new political situation. What special role can the managers have in business? What are their specific demands and how are they tied in with those of other workers? L'UNITE asked the general secretary of the UCC-CFDT, Pierre Vanlerenberghe, to respond to these questions. And others.

L'UNITE: A lot is being said at this time about managers' discontent. The CGC [General Confederation of Managerial Personnel], for example, often alludes to it. Should this anger be dramatized, in your opinion?

Pierre Vanlerenberghe: The CGC is hardening its tone, but that's their business. But its attitude does not reflect a great rise in discontent among the managers. Whether they are worried, the great majority of them--even those who voted for the left--yes, they are.

[Question] Why?

[Answer] They are finding that it is going too fast; they don't grasp very well the logic of a large number of reforms being undertaken at the same time. Despite the progress of recent weeks, they consider the economic and industrial policies to be



not clear enough; they don't exactly see what will be the methods of government used to solve the unemployment problem.

But in any case, the engineers and managers know what a slow process it is to turn back the profound trends of society; they are already in a good position to see it in business. On reduced working hours, for example, they know perfectly well that to bring about a sharing of labor leads to much resistance to the sharing of income. So they are not quite ready today to judge the government categorically and definitively. They are simply expressing their anxiety here and there, and naturally they are doing so through their trade union organizations.

In the CFDT we have no problem with the government. We fully understand: as union members we have acted to make change possible. We are active actors in it and we are expressing the anxiety that we feel is appearing in a good part of the engineers and managers.

[Question] Is it in that spirit that your organization is asking for a training round table?

[Answer] Exactly. There are three reasons for that round table, which all the managers' union organization are to participate in.

The first is that for two or three years employment has appeared to be the major concern of the managers. They are anxious to see this canker abolished in society. The second reason is that the managers know that a leftist government means fewer inequities. The third is that there has never been, in the left, whether political or union, very much clarity about what the workers' movement expects of the managers. Hence the many interrogations, to which is added the fear that the managers are made use of more than the other social classes. They have noticed that the unemployment deduction for civil servants has not been established! All of this has slightly aggravated the climate and led our organization to make this proposal. It is a matter of our succeeding with the change by having the maximum number of engineers and managers participate. And by defining the rules of the game; we want to enter into a kind of contract, moral or social, between the managers and the country, in order to have a precise vision of the future.

[Question] Which means?

[Answer] First of all, the government has to be clear about its policy. If you take these last few days, this is a good path. It also must be forcefully stated that in the area of taxation, the socio-professional classes having almost the same level of qualifications, of income, as the managers, they should be taxed in the same way. And that fiscal fraud will be deliberately attacked! It is also necessary that for the next two years taxation be maintained in its present state for most engineers and managers--up to a certain ceiling that remains to be defined--in such a way as to enable them to exercise their new solidarity in the field of employment, in business, where they normally act.

Give us two years, and they will actually be able to act in business so as to create jobs.



[Question] How?

[Answer] The managers must provide a lucid view on what is happening and deliberately engage in the fight to create jobs. If there is work sharing, a massive reduction in working hours--if that is how jobs are created and if they benefit from it--, we are ready to study differential wage compensation, after a certain wage level; that will be the positive contribution of the managers to the employment battle. Here, we are all in agreement. No problems.

The second point: as a production organization, they will have responsibility for applying the reduction in working hours so that jobs are created. The engineers and managers are responsible for their workplace, their department, and when there is a reduction they can divide the work differently. They are responsible for employment, its quality and volume.

The third element: reduced unemployment also occurs by means of a policy of stimulation. This requires that in business we give priority to increasing low wages even while the socio-professional classes are asking each other what is the best way to maintain the purchasing power for the greatest number. We in the CFDT are seeking to preserve for the great part of the engineers and managers strict maintenance of the purchasing power, but this has to a subject for negotiation in business; do we allocate the surpluses that are due to productivity gains to reduced working hours (and so to the creation of jobs), or to maintaining and increasing purchasing power? All these questions are being asked. Today.

[Question] Did the managers find in the Auroux Report guarantees of new rights of interest to them?

[Answer] We are satisfied with that report. We had made a number of proposals that were retained. The forming of group committees within the industrial groups, in order to have all of the economic information; in that way, the managers can not only perform in business, but they can also locate their work better. The business committee really having all the economic and technological information; the managers and the union organization will have there all of the records on which they can base their demands, and be in a better position to negotiate responsibly. The managers are very much aware of the possibility of the takeover by the board of directors.

Another element, on the other hand, seems to be difficult for the managers: the obligation to negotiate. Some of them resent it as too much power for the union organizations. Of course, it is necessary to be able to negotiate in business. And decentralization makes the hierarchy at all levels much responsible, having more autonomy, which is a considerable enrichment. But missing from the Auroux Report are aspects that we ourselves are just beginning to reflect on: to guarantee, for example, possibilities for management to innovate without being constantly subject to pressure from their board of directors.

[Question] Therefore, in addition to something missing from the Auroux Report, you yourself emphasize the deficiencies in management personnel unionism.

[Answer] Actually, there is a union practice to be launched that we are thinking about.

In connection with union practice, managers have always been threatened by the danger of a differential unionism. How can you, on the one hand, bypass a unionism of denunciation to put forward proposals? And without it being differential?

[Answer] Our concept of unionism, as I have just defined it, seems to me to combine in one and the same process, the demand and the proposal. Because managers mobilize as union members around proposals; they want something positive, something concrete, they have always been reserved in relation to argument alone. Unionism, and the left in general, have always had trouble--because this is very difficult--blending demands with their embodiment. And no one can go forward on that terrain unless there is an encounter between the various categories.

In the field of technology, what have we found in these last few years? The comrades who are workers or employees raise the problem in terms of working conditions, and somewhat in terms of organization of work and hierarchical relations. In general, when managers draw up a process of robotics or data processing, this is not what they ask about first. They ask each other: why such a choice of equipment? Why was the data processing plan, the applications oriented toward such-and-such a sector of the firm, etc.? Our problem--and this is where the union organization comes into play--is to bring the two kinds of questions together. So counter-proposals can be constructed.

[Question] That process can't take place if all the socioprofessional classes are not in on it.

[Answer] Of course. Even if one is a "leftist manager," one will always forget a number of things. For example, one may forget that a material that is excellent on the technical level causes headaches.

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## PROBLEMS IN ATTALI'S THEORIES, ORDINANCES EXAMINED

Paris LE FIGARO MAGAZINE in French 5 Dec 81 pp 108-110

[Article by Alain Berger in collaboration with Francis Gelin: "Attali's Solutions: Retirement and Euthanasia!"]

[Text] The government wants to forbid through ordinances the holding of more than one job and drawing more than one retirement. For many French people this will be a real social death. And for the economy, a big mistake.

From the Auvergne to the Rhone-Alpes region by way of Bourgogne, Pierre Mauroy's tour of France's employment situation resembles a perpetual new beginning. Everywhere, the prime minister affirms that the best to fight unemployment is to "share the work."

This socialist logic is going to lead the government to forbid, or to regulate, the combining of retirement and a job. The permanent provisions will be taken within the framework of the ordinances and so, in the opinion of members of Parliament, before the end of the year. In fact, after 55 years, or at best after 60 years, it will be virtually impossible to work. The wild capitalists, those of the 19th century, had men working from 7 to 70 years of age, 18 to 20 hours a day, using their vital strength to the end of the line. This was the cold logic that presided at the birth of the industrial society.

Those capitalists, they say, have disappeared today. But others, it seems, are in the act of being born, with their own logic, also quite cold. These new "wild capitalists" are paradoxically the socialists, for whom man seems meant to be thrown out at the first signs of weakness in his productive strength. It is useless to pull on the rope. Keep only the bodies and minds adjudged to be healthy. The rest will be withdrawn from circulation, against their will if necessary.

This reasoning is applied at both extremes of the life chain: children and elderly persons. In our 14 November issue we recalled the words, quoted in LE MONDE on 29 December 1978, of Mme Yvette Roudy, now minister of Women's Rights, who spoke of newborns, women in childbirth, the weak, the handicapped, in these words: "All of these beings...form, with those of the third and fourth ages, an impressive group of nonactives, who weigh heavily on the national budget. The problem is there, and it is serious. How do we keep all these nonproductives alive in a society that has obviously not provided for the situation?"

More recently, Jacques Attali, a special adviser to Francois Mitterrand, is persisting, and in L'AVENIR DE LA VIE he signed a collection of interviews published by Michel Salomon which appeared in Seghers in the first quarter of this year. In his article Attali states: "Once he is over 60 or 65, man lives beyond his ability to produce and so is very expensive for society...In fact, from the society's point of view it is preferable for the human machine to stop suddenly rather than deteriorate gradually. This is perfectly clear if we recall that two thirds of the expenditures for health are concentrated in the last months of life." The author then sketches the outline of a socialist biological ethic: "Euthanasia will be one of the basic tools of our future societies, whatever the picture. In a socialist logic, to begin with, the problem is posed as follows: the socialist logic is freedom and fundamental freedom is suicide; consequently, the right to direct or indirect suicide is therefore an absolute value in that kind of society."

By lowering the retirement age to 60, even 55, and forbidding in some cases the simultaneous drawing of retirement and holding of a job, is the Socialist government trying to arrange the social death of several hundreds of thousands of French people? According to an investigation by the General Inspectorate of Social Affairs (IGAS), 750,000 persons are currently combining retirement and a job. The minister of Labor puts out the figures published in 1979 by the INSEE [National Institute of Statistics and Economic Studies], showing 579,000 retirees engaging in remunerative activity, two thirds of them part time. But for the most part, these persons are not privileged. Our examples show that for them a job after retirement is a necessity in order to provide school financing for children who are still young. To this social mistake the government is also adding many economic mistakes.

#### Toward a Labor Tax

In the true economic world war currently being waged, most of the large industrial nations are turning toward lengthening the working years: the retirement age is 77 in Denmark, 64 in Great Britain, 70 (since 1968) in the United States. And in Japan, the number of people over 66 occupying jobs will be the highest in the world after the year 2000.

The socialists also assert that forbidding the holding of a job and retirement would make it possible to free 300,000 new jobs. But a note from the Board of Estimates of last 5 June reduces the estimate to between 63,000 and 120,000.

By sharing the work by means of solidarity, as envisaged by Pierre Mauroy (a wage-earner goes off to retirement to leave his place to a young person), is it possible economically? In the last issue of the magazine PARADOXES, Alfred Sauvy writes: "This distribution, through solidarity, is itself in error through that globalism which is swallowing us, by overestimating the interchangeability between workers." Alfred Sauvy then comments that it is to be feared that many firms would not hire in proportion to the imposed reduction. "It would then be necessary to make it compulsory, that is to go to a manpower tax, which brought such disappointment in Italy after the war." Is not this possible slide toward authoritarianism, moreover, what underlies the government's recent decision to abolish investment aid for firms that lay off, or which in one year from now have the same number of wage-earners as they have today, that is to say those that have done no hiring?



Lowering the retirement age is also an expensive measure, while Social Security is virtually bankrupt. In a letter to Mme Nicole Questiaux, the minister of National Solidarity, two confederal FO [Workers Force] secretaries, Mr Faesch and Mr Lalonde, recently wrote: "Where the National Old Age Insurance Fund alone is concerned, the growth of the demographic report foreshadows a deficit evaluated by the Seventh Plan at 22 billion francs in 1985."

This will inevitably be expressed by raising the deductions, which according to the FO experts would go up from 12.9 to 15 percent.

For managerial personnel the situation would be even more dramatic. If the retirement age is lowered to 60, they will lose five years of contributions to their supplemental retirement system, or a reduction of about 28 percent. And the AGIRC (Supplemental Retirement System for Managerial Personnel) deduction would rise to 19.2 percent, an increase of 25 percent. In the end it means the inevitable death of the supplemental retirement systems. But this undoubtedly does not displease the socialists, especially the communists, who favor unification of all retirement systems in order to control them better.

Pierre Mauroy has promised to exclude certain social classes, including the military, from the interdiction of combining a job and retirement. But in that case the government envisions placing a ceiling on resources of two and a half times the SMIC [Interoccupational Minimum Growth Wage], or about 7,500 francs per month. Is this not the best way to encourage moonlighting? And thus to add to the troubles of Social Security? This is the economy's vicious circle, which the socialists do not understand.

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## GAS PIPELINE'S ROLE IN POLISH CRISIS EXAMINED

Paris LE MONDE in French 16 Jan 82 p 2

[Article by French Ambassador Francois de Rose]

[Text] In light of events in Poland, our government is allegedly considering the possibility of re-examining the question of the Siberian gas supply. We would have reason to rejoice over this, if the re-examination were to prevent the Polish tragedy from being inserted chronologically between the double signing--first by the FRG and then by France--of the largest contract ever agreed upon with the USSR.

Undoubtedly, the parties to the agreement are saying that we would bear part of the costs of its abandonment. And afterwards... If we are not prepared to pay the price for defending our ideas, what credibility can we have. Moreover, the Soviets would also suffer from the affair; \$15 billion in a full year paid by France and the FRG, that is, the equivalent of the Soviet Union's exports to the European Community in 1980 and two-thirds of its sales to the OECD as a whole.

At a time when we are wondering how to aid the Poles, we could perhaps begin by not aiding the Kremlin. Still more than our energy independence, it is the conjunction of this formidably explosive situation and the strategy of our adversary which should be holding our attention.

After the invasion of Afghanistan, France, which missed the opportunity it had to assure the failure of the Olympic games (its nonparticipation would surely have resulted in nonparticipation by most European countries and many African countries), now has an opportunity to overturn an agreement which would cause cooperation with the USSR at its height to go by the wayside, when detente is in a state of crisis and entente at its lowest point.

Such a development would place our actions in accord with that tidal wave which is rousing opinion in France and which is contradicting certain polls which claim that three-quarters of our population think that in case of crisis it is better to negotiate than stick to one's convictions. A bold stroke on the gas pipeline--along the line of these reactions--could perhaps also give a counterthrust to the neutralism to which we have contributed and which represents the greatest danger to Europe as a whole.

Let us reflect a moment about our reproaches that the FRG is too "Atlantist." About putting the United States and the Soviet Union on the same level with regard

to the Atlantic Alliance and the Warsaw Pact through our denunciations of the two "hegemonies" and an alleged "bloc policy," while the West, as noted by Cornelius Castoriadis\*, is not even a camp. About the tendentious presentation of the Yalta accords as a division of the world by Washington and Moscow\*\*. About the military plan, a "White Paper" (1972) setting forth a concept which could lead us to nuclearize a conflict on the territory of our allies to keep our own territory intact. About the bulk of our conventional forces being reserved for a sort of frontier battle aimed at "feeling out the intentions" of the adversary before resorting to strategic weapons which, it is recognized and rightly so, do not permit us to guarantee their use on behalf of our allies.

And what about the uproar unleashed when Giscard d'Estaing reminded us that France's security and independence are linked with those of its neighbors, and the criticisms directed to Mitterrand for having considered that the Soviet missile threat also concerns us.

Too many people of responsibility and... irresponsibility have given the impression, unfortunately recurrent in our history, of a lack of agreement between our foreign policy and defense policy not to have our share of guilt in the crisis to which neutralist temptations are now exposing Europe's security and, consequently, that of France.

Perhaps by making cuts in our economic arrangements with the USSR, we can again sew up policy among the allies.

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\*Cornelius Castoriadis: *Devant la guerre*. Fayard.

\*\*See Andre Fontaine: "J'y suis, j'y reste." *LE MONDE*, 23 December.

## EASTERN BLOC GREEKS REPORTEDLY DENIED ENTRY

London 8 DAYS in English No 50, 19 Dec 81 p 15

[Text]

PETROS KOSTAKIS is 30, unmarried and Greek. In a few weeks he is due to return home to a country he has never seen. He was born in Bulgaria of Greek parents and has spent his whole life in the eastern bloc. He sounds like a unique case, but he is one of thousands.

Most of the others could be following him home now that a socialist government under Andreas Papandreou has come to power in Athens for the first time in Greece's history. Petros Kostakis' parents were among 60,000 communists and left-wingers who fled to various eastern bloc countries following defeat by monarchists in the 1946-1949 civil war in Greece. It was one of the few west-to-east refugee flows in modern history.

Papandreou, whose Pasok party romped to victory in the general election, promised in his election campaign to bring them all home. Moves were made to start repatriating them in the 1960s, but a coup in 1967 that brought a military government to power put paid to those efforts.

When the rule of the Greek colonels ended in 1974, repatriation started again. The Greek embassy in Sofia says some 25,000 displaced Greeks have returned from East Europe since then.

But despite the legalisation of the Greek Communist Party when the country returned to democracy, and the long period that has elapsed since the civil war, not all of the refugees have been allowed home. Greek diplomats in Sofia said applications had been considered on an individual basis,

and admitted that over a third of applicants from Bulgaria's Greek community, once around 8,000 and now about 3,000, were rejected. But they said that some had been approved when they tried again.

'We have had nothing to do with it,' one diplomat said. 'The applications are sent to the interior ministry in Athens, and back comes a yes or no without any explanation.' The embassy said possible reasons for the delay in repatriation could have been the question of pensions, and problems with integrating so many people at once, particularly at a time of economic difficulties. They denied that any political considerations were involved. The application forms did not require the Greeks to state their political allegiance, the diplomats said.

Some of the emigrés are not so sure. Kostakis said he had applied twice for permission just to visit Greece. Although the embassy says this is easier to obtain, Kostakis said he was turned down both times. His younger sister had been allowed a visit, but her request for repatriation had been turned down, as had those of their parents.

Though the parents were active communist party members during the civil war, neither of the children were communists, Kostakis said.

When the Greek Communist Party was legalised in 1974 — there are now two communist parties there — the leaders were immediately brought back from Eastern Europe, Kostakis said. 'Apparently I am more of a threat than the party leadership,' Kostakis added drily.

## GONZALEZ ALLEGES EXTREME RIGHT IS TRYING TO SUBVERT MILITARY

Madrid EL PAIS in Spanish 20 Dec 81 p 19

[Text] The secretary general of the PSOE [Spanish Socialist Workers Party], Felipe Gonzalez, had a 2-hour talk with King Juan Carlos at his Zarzuela Palace. At the close of the interview, which followed those which the king had had with Carrillo and Fraga, the socialist leader said that their talk had focused on Latin America, Poland, and Spain. Regarding the latter Gonzalez noted that in his opinion the threats to democracy do not come from the military establishment but rather from those civilian sectors which try to subvert it.

Felipe Gonzalez stressed that in the last 150 years of Spanish history the politicians have been unable to settle their problems by themselves and there is always a temptation in some sectors of civilian society, which continue to be important not from a numerical viewpoint but in terms of the powers that they can wield to try to subvert and get closer to the military establishment to produce a change in the political order.

"As long as the latter situation is not appraised at its true value," he added, "people will continue to make the error of passing judgment on the military establishment when what should be done is to seriously censure civilian sectors of society which are unable by themselves to reflect their aspirations and to face elections with others but instead hasten to subvert a sector of the armed forces."

As the PSOE leader sees it, we are witnessing a paradoxically difficult situation because there has never been a better occasion in Spanish history to strengthen a democratic system in a climate of greater understanding from the social viewpoint and in a climate of greater respect for the ideas of others, which does not exclude the fact that the extremism of some sector or other should continue to exist, as is the case in nearly every country.

"For the first time in the history of Spain," he continued, "it can be said that there is no confrontation between one-half of Spain and the other half but rather that 90 percent of Spaniards are perfectly able to identify with a series of values such as those of peace and coexistence in freedom with the result that it is possible to establish a system of democratic liberties with relative ease."

On this subject the socialist leader said finally that to obviate the threats still leveled at the building of democracy there is a lack of a firm resolve by the government that would find an extremely clear acceptance in society. Gonzalez noted that this has not yet occurred even though it is necessary to strive to achieve it.

#### Latin America's Importance for Spain

As regards Latin America, Felipe Gonzalez said that he had conveyed to the king the messages of greetings and goodwill sent to Juan Carlos I by the presidents of the countries just visited by Gonzalez. The latter stressed that they both agreed on the major importance that Latin America has for Spain's future. "I wish," Gonzalez added, "that everyone saw it this way."

Elaborating on this topic the PSOE's secretary general criticized the fact that the Spanish foreign minister had not made any specific visits to Latin America and expressed his hope that weight would be given to an issue that is really grave such as the fact that the whole of Spanish America regrets the absence of official Spain.

The socialist leader also spoke with the king about the rise in international tension and about the possibility that events in Poland could transform that country into a source of tensions exacerbated by the two superpowers and could convert Central America into a card to be played off against the evolution of Polish events.

According to Felipe Gonzalez, what is happening in Poland "is a veritable catastrophe. I believe that it is a recognition of the failure of a historic experience. I believe that it is a recognition of the failure of a historic experience. When a country's armed forces have to move against the desire of their citizens, supposedly to defend the historic destiny of that people, it is a contradictory situation and the truth of that historic destiny is destroyed."

In Gonzalez's opinion, however, two more serious things can happen: The unleashing of a civil war whose initial symptoms are already evident and, following the outbreak of such a war, that there should occur "outside intervention by the Warsaw Pact countries, which is the same as saying by the Soviet Union."

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## BRIEFS

GREEK PARTICIPATION IN MIRAGE PRODUCTION--Greek participation in the production of the Mirage jet-fighter plane was discussed yesterday during a Greek-French meeting held at the Pentagon, according to press reports. Attending the meeting were chiefs of Greece's Arms industry, headed by National Defence Undersecretary G. Petsos, and members of France's Arms industry, headed by Jacques Mitterrand (brother of French President) who is a five star general in the French airforce. Mr. Jacques Mitterrand arrived in Athens on an official visit on Thursday, and yesterday, following his meeting at the Pentagon, he was scheduled to visit the Greek Airforce industry. During his visit to the Greek Airforce industry, Mr. Jacques Mitterrand--according to press sources--discussed the technical possibilities of Greek participation in the production of the Mirage. [Athens ATHENS NEWS in English 9 Jan 82 p 9]

IRAQ-GREECE MILITARY ACCORD--Paris--Greece has entered into negotiations with Iraq for signing an agreement to supply military arms and ammunition to the Ba'athist government, the Islamic Republic News Agency reported Thursday. Iraq's government has assured the Greek officials that Iraq shall increase its oil supply to Greece by two million tons per year upon conclusion of the military accord between the two countries. IRNA carried the news quoting an African daily published in the French capital. [Text] [Tehran TEHRAN TIMES in English 9 Jan 82 p 1]

CSO: 4600/192

## GREEKS ACCUSED OF AIRSPACE VIOLATION, BUILD-UP

Istanbul HURRIYET in Turkish 26 Dec 81 pp 1,15

[Text] Ankara, HURRIYET. The results of Prime Minister Papandreou's adventurous policies are slowly becoming visible in the Aegean. These policies strive to make enemies of Turkey and Greece rather than bringing friendship between the two countries and date back to the days that Papandreou was an opposition politician. During the last few days, tension has been heightened as the result of violations of Turkish airspace in the Aegean by Greek jets. The many aspects of the situation are being evaluated by the government.

While discussions continue at the political level, in the last few days the Greeks have begun stockpiling boatloads of equipment on their Aegean islands. A more serious situation from the Turkish standpoint has been created by the fact that in parallel to night-time stockpiling of equipment on the Aegean islands, the Greeks have begun to ship equipment into the Greek-Cypriot sector of Cyprus.

It has been determined that Greek warplanes have been seen more frequently over the Aegean Sea since the increase in the rate of naval shipments of equipment to the islands. During these flights, Greek warplanes have frequently violated the boundaries of Turkish airspace. Simultaneous sightings of Greek planes in skies over Imroz, Bozcaada and Uzunada have provoked reaction. On some occasions, Turkish jets began to pursue Greek jets observed in Turkish skies, however the Greek planes left Turkish airspace before the pursuing Turkish planes could approach them. The latest incident took place before noon on the day before yesterday when a Greek jet observed over Uzunada was chased by Turkish jets. The situation was instantly reported to airforce headquarters.

An official has stated that through repeated airspace violations, the Greek planes have been seeking to provoke an incident in the Aegean. He said: "We are monitoring step by step all activities involving Greek aircraft. Through the air force, the situation is being relayed instantly to the Office of the General Staff. The government is also being informed of the situation. Our government is assessing all aspects of the situation."

Stating that it was very noteworthy that Greek ships have been operating in the Aegean primarily at night, the official said: "Naturally, a determination of what these ships have been loading and unloading could be made much more readily during daylight hours. To prevent this, the Greeks have begun to operate at night. We find it difficult to understand and properly assess this tension creating Greek policy. However, Turkey does not wish to facilitate efforts by the Greek government to create a strained atmosphere. We shall not play into their hand. As earlier stated by the Honorable Prime Minister, the Greek government will bear responsibility for any potential incident."

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## MUMCU EYES RECENT COMMENTS ON UNIVERSITY AUTONOMY

Istanbul CUMHURIYET in Turkish 15 Nov 81 pp 1,9

[Text] The night before last we had the opportunity of following on television the views of Ihsan Dogramaci, a former Rector of Hacettepe University. Together with other rectors and professors he discussed his views concerning the Law for Higher Education and the issue of university autonomy. From what we saw, it was Dogramaci who did most of the talking while the other professors merely gave support to what he said.

Dogramaci really cut down autonomy. He gave examples from countries such as the United States, Switzerland and the Federal Republic of Germany which have political structures that are rather different from Turkey's political structure and defended a system based on a "board of trustees" for the administration of universities. He also said that appointments made from outside the universities would not fall contrary to the principle of autonomy.

It is natural for universities in the USA to be administered by a system based on a board of trustees. Universities that have been established by private individuals or specific groupings of capital may indeed be administered by boards of trustees. In Turkey however, universities have been established by the state and as there can be no board of trustees that supersedes the state, there can be no logic in administering these universities by boards of trustees as in the USA. For this reason, Dogramaci's examples and allusions did not seem to be appropriate at all as they gave the appearance of adding apples and oranges.

Administrative practices for universities in countries with "Federated or Federal" governmental structures can not be used to administer universities in countries where



the governmental structure is unitary and the political structure is linked to a single, central source of authority. Again, Dogramaci was not being very realistic.

His allegations and statements maintaining that concessions have been made by candidates in elections of rectors and deans, as well as the claim that such elected officials have in the past fulfilled their duties in a manner that favored their constituents among faculty members, were rather surprising. The professors who appeared on the broadcast had all been elected to the posts that they occupied. Dogramaci himself had been a rector for the longest period of time. What concessions had he given to the faculty members who had been his electors and what premiums had he distributed ? To which favors did he owe his tenure as rector ?

Of course, the rectors and the professors that we saw on television did not hold what would be called an "open debate". The speakers were one-sided. According to the law governing the Turkish Radio and TV Administration, an open debate would have required "a discussion of diverging viewpoints." Not a single professor or university administrator had been brought to confront Dogramaci.

Dogramaci therefore, took the opportunity to engage in a futile, self-serving exercise and was applauded for his efforts by the rectors and the professors who had come with him.

The person listening to these rectors is tempted to say "It is a good thing that autonomy has been abolished. Your kind deserve nothing less." However the question goes much deeper than that and there are others within universities who do not think like these people.

Dogramaci's logic maintains: "If a rector or a dean assumes his position through election, he will feel beholden towards those who have elected him." It would also follow from such logic that the same rector or dean would feel beholden towards the Higher Education Council for his appointment. A resumption of government based on political parties will bring about the rise of party preferences within the Higher Education Council. University administrations will be shaped according to such preferences. What kind of guarantee is being offered against such an eventuality ? That point remains unclear.

In the past, amidst charges of "partisan politics" it was

said that political parties had "divided the country into fronts." Now, when the universities themselves are being scrutinized, it is being said that "No, political parties do not interfere with university management."

On the one hand you complain about "foreign ideas and foreign ideologies" while on the other you propose to throw away a "model" that has been one hundred percent "national" and one hundred percent indigenous since its first application in 1946. By so doing, you propose to replace it with a "foreign model" that aspires to copy the "board of trustees system" patented in the USA.

There is an other attribute that Dogramaci and his friends forget: As institutions, the universities of the West carry weight only within the context of western democracies. In those countries, government-university relations have developed in the context of much more democratic traditions and have reached their current state of evolution. From the sad experience of the past, do you not remember the problems that are created when western institutions are divorced from freedoms of speech and thought that make the West what it is, to be copied and installed in the same dry fashion that we copy the word "reception" ?

We would have wished to ask the rectors and faculty members who appeared on television the following question: Has a single faculty member ever been placed under observation, prosecuted, convicted and sentenced for a textbook that he has written or a course that he has taught in a western university in England, France, Canada, the United States or Switzerland ?

Let us not get angry at these rectors and faculty members who get on television to begrudge the universities their right to govern themselves. Rather, we should congratulate the independent members of autonomous agencies for their "fortunate" choice in electing them to these positions.

As a footnote, let us also go on record with this: We have taken a strong liking to the faculty member from Elazig and have greatly benefited from his views. We deem it our duty to thank the administrators of the Turkish Radio and TV Administration for having introduced us to this honorable professor . We look forward to seeing the honorable professor on future programs.

**END OF**

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